



Daily Report—

China

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Daily Report

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General

Nation Reportedly Abandons Hope of '94 GATT

HK3011054694 Hong Kong HSIN PAO in Chinese
30 Nov 94 p 19

[By Chang Li (1728 4539): "Beijing No Longer Intends To Enter GATT"]

[FBIS Translated Text] Beijing has sent an ultimatum to the GATT presiding organization stating that if the question cannot be solved by the end of the year (only one month from now) it would not make any more substantive offers, and, second, it will no longer take the initiative by asking for more negotiations.

Although the ultimatum was, as it appeared, sent to the GATT secretary general, it was in essence sent to the United States, and stated that if the issue could not be resolved by the end of the year, China will not bother lodging another application and will go its own way.

Beijing holds such a strong attitude because on the question of rejoining GATT there is an opposition faction among high-ranking leaders in Beijing. By entering the GATT, China will benefit through exports but will suffer from the impact on its domestic industry, especially heavy industry and large enterprises. While the commercial sector and the foreign trade sector have shown greater interest in rejoining GATT, the industrial sector has strongly boycotted it. After making repeated compromises, China has applied to rejoin the GATT only reluctantly, while the United States is asking for a high price and wants to completely open China's market, thus giving a good excuse to the oppositionists who are against rejoining the GATT. Moreover, with the surging craze in Western countries for investment in China in recent years, Beijing feels much more assured and wants to change the compromises it has made in the previous talks. An opinion which argues that it is better for China to rejoin the GATT in several years prevails in Beijing.

This author notes that Beijing has already abandoned its intention to enter the GATT this year. Beijing may not enter the GATT even if the United States wishes to compromise.

ADB Finances Environmental Project

OW3011033494 Beijing XINHUA in English 0226
GMT 30 Nov 94

[FBIS Transcribed Text] Manila, November 30 (XINHUA)—The Asian Development Bank (ADB) has approved a loan of 157 million U.S. dollars and two technical assistance grants of 1.025 million U.S. dollars to China for the Beijing environmental improvement project.

The project will help to improve the environment by supporting policy reforms conducive to environmental management.

The project is aimed at saving energy and promoting the use of cleaner energy sources in Beijing through cost-effective and self-financial environmental improvement measures to combat pollution.

The total cost of the project is estimated at 459 million U.S. dollars. The bank's loan of 157 million U.S. dollars will cover the foreign exchange cost of the project.

Meanwhile, the two advisory technical assistance grants will be used for the capacity building of environmental protection agencies.

A grant of 600,000 U.S. dollars will be extended to the Beijing Environmental Protection Bureau and three of its environmental agencies, and a grant of 425,000 U.S. dollars will go to the Beijing Industrial Hazardous Waste Management Center.

Central Eurasia

Russia Involved in 'Secret' Joint Nuclear Projects

HK3011071294 Hong Kong EASTERN EXPRESS in English 30 Nov 94 p 1

[By Bruce Gilley and N.S. Repin]

[FBIS Transcribed Text] Secret Russian nuclear projects in southern China have been uncovered by Eastern Express and confirmed by officials on both sides. Joint projects using radioactive materials have been set up in Haikou and Shenzhen, where Russian scientists are already at work.

The deals were clinched during a covert trip to China earlier this month by the minister and vice-minister in charge of Russia's nuclear industry. The deals could prompt international concerns about the unrestricted export of nuclear technology from Russia, where the industry is in deep recession.

The US\$10m (HK\$78m) China-Russia Nuclear Company in Shenzhen is a joint venture between the two countries' nuclear industry monopolies. The Russian First Deputy Minister of Nuclear Power Engineering, Vitaly Konovalov, was in the city last weekend. He was in China accompanying his minister, Viktor Mikhailov, on what the Russian embassy in Beijing described as a "private visit".

Kong Fandai, the company president, said that three Russian scientists were already working for the company in Shenzhen. "Once we enter production in late 1995, we will continually bring in more and more of their scientists, because this is Russia's strong point," Kong said.

Russia has repeatedly denied reports that large numbers of its nuclear specialists have taken jobs at state-sponsored projects throughout China since Moscow cut its strategic weapons programme. Officials on both sides remain cagey on the Shenzhen operations, but Mikhailov said that "super clean" isotopes imported from Russia for civilian use was one area agreed on.

Isotopes used in civilian applications are radioactive and can be used for a wide range of applications, including the production of heavy water for nuclear reactors.

The vice-president of the China National Nuclear Corporation (CNNC), Chen Zhaobo, was in Shenzhen to meet his Russian counterpart last weekend, according to a report in the official Shenzhen Special Zone Daily [SHENZHEN TEQU BAO]. A spokesman for Chen's office said the company would be involved mainly in the conversion of military technologies for civilian use. When asked about the nuclear technologies to be used, Zhou became abusive, saying the venture was an "internal affair of the CNNC".

During the Russian minister's visit to China, the CNNC also sought an agreement for the supply of "substantial quantities" of the highly radioactive substance Cobalt-60. Mikhailov said. The material would be used for a separate project in the Hainan province capital of Haikou. "But they only asked. We have not agreed yet. This is a sensitive area," he said.

Cobalt-60 is produced in reactors and would be used for nuclear-ray machines with application to the medical and industrial sectors, he said.

The Shenzhen and Haikou deals have been kept under wraps, apparently out of fears that international scrutiny could disrupt the lucrative deals.

Russian government leaders have repeatedly pledged to subject any nuclear export deals with China to the safeguards imposed by the International Atomic Energy Agency. Russia's drive to capture the Chinese nuclear market has already resulted in its gaining a US\$15m contract to supply fuel to the Daya Bay nuclear plant and another agreement to build a new nuclear plant in Liaoning province.

Heilongjiang, Russian Officials on Trade Cooperation

SK3011090294 Hohhot NEIMENGGU RIBAO in Chinese 18 Nov 94 p 1

[Report by Jiao Mingzhong (3542 2494 1813): "Wang Zongzhang and Kuleshov Hold Talks on Economic and Trade Cooperation Between Heilongjiang and Amur Oblast"]

[FBIS Translated Text] On the afternoon of 17 November, Wang Zongzhang, vice governor of the provincial government, held talks with Kuleshov [name as transliterated], deputy administrative director of Amur Oblast, who paid a special visit to Harbin, on the issue concerning economic and trade cooperation between Heilongjiang Province and Amur Oblast.

Wang Zongzhang said: As a near neighbor, Amur Oblast has always been a key trade partner of our province. The value of trade with this oblast accounts for one-fourth of our province's total trade volume. Our province's trade

relations with the Russian Federation have been affected since the beginning of this year due to the readjustment of the policies of the Chinese and Russian sides. The province's trade volume in the first 10 months of this year was reduced by 23 percent from the same period last year. He analyzed the major causes for the decrease in the trade volume and also reported on the province's situation in implementing the agreements attained last June and July. He pointed out: Now, great changes have taken place in the trade policies of both sides. The trade policies have changed from no standards and simplification to diversification and the orientation of conforming to international regulations. He believed that so long as both sides have sincerity and make concerted efforts the current difficulties will be eliminated.

Kuleshov repeatedly expressed that Heilongjiang has always been the most important friend and cooperation partner of Amur Oblast. However, he also maintained that the current trade relations between both sides hit the bottom. It will be difficult to effectively solve some problems by only relying on the individual efforts of both sides. So, both sides should strengthen consultations and contacts and jointly find feasible methods.

At the meeting, both sides exchanged views on simplifying visa procedures, clearing up debts, establishing mediation organizations, and exploring channels for settling spot exchange accounts.

NPC Delegation Returns to Harbin From Russia

SK3011041094 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 29 Nov 94

[FBIS Translated Text] After winding up its nine-day visit to the Russian Federation, the delegation of the China-Russia Friendship Group under the National People's Congress [NPC], with Sun Weiben, chairman of the Heilongjiang Provincial People's Congress, as its head and Ye Zhengda, member of the NPC Standing Committee, as its deputy head, arrived in Harbin on 29 November.

Heilongjiang Provincial Leaders Wang Xianmin, Qi Guiyuan, and Wang Zongzhang welcomed the delegation at the airport.

At the invitation of the State Duma of the Russian Federation, the delegation paid a friendly visit to Russia with a view to enhancing mutual understanding, developing the good-neighborly relations, and promoting the friendly cooperation ties.

The delegation met with (Weihusin), chairman of the State Duma; and also kept extensive contacts with the State Duma and the Federal Assembly. All this has helped promote understanding and friendship between both sides.

Our side also asked the Russia-China Friendship Group to send a visiting group to China at any time.

Northeast Asia

Seminar Views Roles of Japan-Trained Returned Students

OW3011075894 Beijing XINHUA Domestic Service in Chinese 0843 GMT 21 Nov 94

[By reporter Zhang Jinsheng (1728 6930 0524)]

[FBIS Translated Text] Beijing, 21 Nov (XINHUA)—According to information obtained from a large-scale international seminar on bringing out the roles of returned students that closed here today, of the over 40,000 Chinese students sent to Japan for further studies since reform and opening up, over 15,000 have returned after successfully completing their courses and are now playing their respective roles in various lines in the motherland.

Held in the Chinese-Japanese Youth Exchange Center in Beijing with the theme of "Be a Pillar for the Motherland's Construction and a Bridge for Sino-Japanese Friendship," the seminar widely and deeply discussed ways to bring out the roles of returned students. After conducting a thorough review over the important roles played by Japan-trained returned students in the process of the state's reform and opening up, the seminar's Organizing Committee and the State Education Commission highly appraised the students' roles. For instance, in the legal circle, the Times Legal Affairs Office set up by Dr. Wu Peng after his return from Japan has made important legal contribution to China's futures trading industry. In the educational field, a host of outstanding returned students, including Dr. Li Daibao, have become the youngest instructors for doctoral students in Qinghua University. In commerce and industry, a score of returned students, including Dr. Zheng Jian-hao, have successfully incorporated a string of large enterprises with international influence. It is estimated that, from now on, some 3,000 students will return from Japan annually to work back home.

Wei Yu, vice minister in charge of the State Education Commission; Liu Yandong, deputy head of the United Front Work Department of the CPC Central Committee; and Liu Peng, president of the All-China Youth Federation, spoke in the seminar. Members of Japan's House of Representatives and Japanese ambassador to China attended the meeting.

Beijing, Pyongyang Cooperate in Telecommunications

OW2911134894 Beijing XINHUA in English 1319
GMT 29 Nov 94

[FBIS Transcribed Text] Changchun, November 29 (XINHUA)—An optical cable is being laid between China and the Democratic People's Republic of Korea (DPRK), and a Chinese-made switchboard with 2,000 lines has been put into use in Hamhung, in the eastern part of the DPRK.

China and the DPRK are strengthening cooperation in telecommunications to promote the development of the Tumen River region, where China, Russia, and the DPRK meet.

The optical cable is the first that northeast China's Jilin Province has ever built for connecting China with another country. The 60-km Chinese section starts from Hunchun, a city in the Tumen River Delta which has been listed by the United Nations Development Program as one of its top projects.

XINHUA was told that the construction will be finished in December, and the two countries will open the cable in May or June.

Jilin Province is reinforcing the infrastructure in Hunchun, one of its few outlets to sea, where a telecommunications hub is being constructed.

The DPRK has negotiated with Jilin's Post and Telecommunications Bureau on importing equipment. In March, it signed a contract to buy 6,000 switchboards from Jilin to be installed in Hamhung, Chongjin and Rajin, which will play important roles in the emerging East Asian economic area.

The DPRK also suggested that a joint venture with China be set up to produce switchboards, and in December, the Post and Telecommunications Bureau of Jilin Province will send a delegation to the DPRK to discuss further cooperation on telecommunications.

Jilin Delegation Returns From South Korea

SK3011090094 Changchun JILIN RIBAO in Chinese
17 Nov 94 p 1

[FBIS Translated Text] After satisfactorily winding up its visit to the ROK, the six-member delegation of Jilin Province headed by Provincial Governor Gao Yan returned to Changchun by train at noon on 16 November.

The delegation paid a friendly visit to Kangwon Province at the invitation of Yi Sang-yong, governor of Kangwon Province. During its visit, Governor Gao Yan and Governor Yi Sang-yong extensively exchanged views on developing friendly contacts and economic and trade cooperation between the two provinces. Both sides maintained that the contacts over the past two years have deepened the mutual understanding and helped lay a solid foundation for future contacts and cooperation. Jilin Province and Kangwon Province share some common aspects, are geographically closer to each other, and have great potential for cooperation. Particularly, the cooperative opening of the land-and-sea coordinated transport between Hunchun and Sokcho will produce far-reaching impacts on the economic development of the areas around the Sea of Japan, as well as the entire Northeast Asian region. Both sides expressed their willingness to further strengthen their contacts and cooperative ties and to make efforts to rapidly and essentially

develop the cooperative ties in the economic, trade, tourist, scientific and technological, cultural, and educational spheres. Representatives of both sides signed the agreement on establishing the economic cooperation association of the two provinces.

The delegation also attended the experience-exchange meeting of administrative heads of the areas around the Sea of Japan, which was held in Sokcho. At the meeting, Governor Gao Yan introduced Jilin Province's situation in participating in the implementation of the Tumen Jiang development project of the UN Development Program, as well as its overall development ideas. He also deeply exchanged views on economic and trade cooperation among the areas around the Sea of Japan with some participants, including Nishio Oji, governor of Tottori Prefecture of Japan; Dubining [name as transliterated], deputy head of the Maritime Regional Administrative Office of the Russian Federation; and Yi Sang-yong, governor of Kangwon Province. The four sides participating in the meeting unanimously maintained that under the major circumstances of making the world economy an organic whole and developing the world economy in a group-oriented and regional-cooperation way, strengthening the regional economic and trade cooperation among the areas around the Sea of Japan will positively promote the common prosperity and development of the Northeast Asian region. The participants expressed their willingness to strengthen the regional contacts and cooperation and to make various efforts to turn the silence of the Sea of Japan into vitality.

During its staying in the ROK, the delegation visited and met with Choe Hyong-u, Minister of Home Affairs of the ROK; Pak Sang-kyo, president of the central society of small and medium-sized enterprises; and some personages of the political, economic, and enterprise circles. The delegation also visited some large-sized enterprise groups, including Samsung, Daewoo, Korea Electric Power Corporation, and Hansin. The delegation also introduced to the friends of various circles Jilin Province's development situation, development prospects, and development strategies; and explained our province's basic ideas for making efforts to improve the transportation environment, strengthen cooperation with the outside world, and developing advantageous industries. All this found an echo in various circles of the ROK. The delegation further exchanged opinions with Samsung, Daewoo, and Korea Electric Power Corporation on the on-going cooperation projects on vehicle parts, chemical industry, electricity production, and transportation. The delegation also decided, through consultation with some relevant enterprises, a number of new cooperation items.

On the afternoon of 9 November at the premier office, Yi Yong-tok, premier of the ROK, met with Governor Gao Yan and the principal members of the delegation. He warmly welcomed the delegation headed by Governor Gao Yan. He said: Since the establishment of the

diplomatic ties between China and the ROK, the two countries have ceaselessly developed their relations. Particularly, Premier Li Peng's recent visit to the ROK further promoted the development of the friendship ties and economic and trade cooperation between the two countries. He believed that under such a major environment, the economic and trade cooperation between Jilin Province and the ROK would be developed rapidly. He expressed that he would positively support the economic and enterprise circles of the ROK to develop cooperation with Jilin Province on a mutual-benefit basis and also hoped that essential results would continuously be made in the cooperation.

Throughout the delegation's visit this time, various circles of the ROK have deepened their understanding about Jilin Province. Jilin Province's impacts on the ROK have been expanded, the friendship ties between Jilin Province and Kangwon Province have been strengthened, and the economic and trade cooperation between Jilin Province and the ROK has been promoted. The delegation also explored some essential issues closely relating to the land-and-sea integrated transport. This visit will produce positive impacts on the implementation of the province's overall development strategy for building Jilin into a developed border, near-the-sea province.

When the delegation arrived in Changchun, Wu Guangcai, secretary general of the provincial government; and responsible comrades of the departments concerned, including the provincial foreign affairs office, welcomed the delegation at the railway station.

Near East & South Asia

Kuwaiti Leaders Receive Chinese Gubernatorial Group

OW291122294 Beijing XINHUA Domestic Service in Chinese 1638 GMT 26 Nov 94

[By reporter Yu Kaiyuan (0827 7030 0337)]

[FBIS Translated Text] Kuwait, 26 Nov (XINHUA)—Kuwaiti Amir Jabir, Crown Prince and Prime Minister Sa'd, and First Deputy Prime Minister Sabah Ahmad today met separately with a visiting Chinese gubernatorial delegation.

During the meetings, the Kuwaiti leaders praised the traditional Kuwaiti-Chinese friendship and spoke highly of the Chinese Government's and people's principled stand on supporting Kuwait in safeguarding its sovereignty and independence. They pointed out that as a big country, China has played an important role in settling many major international issues.

Representatives of Zhejiang Province and the Ningxia Hui Autonomous Region today initialed letters of intent to establish friendly provinces with Kuwait's Hawalli and Farwaniyah governorates, respectively.

According to the letters of intent, the two sides will strengthen cooperation in protecting national heritage; protecting the environment; formulating urban construction and development programs; as well as developing economic and trade, cultural, scientific and technological, and sports exchanges.

The Chinese gubernatorial delegation, led by Vice Zhejiang Governor Xu Zhichun, arrived in Kuwait on 24 November to begin the four-day visit.

Kuwaiti Oil Minister Arrives in Beijing 30 Nov

OW3011105094 Beijing XINHUA in English 0959
GMT 30 Nov 94

[FBIS Transcribed Text] Beijing, November 30 (XINHUA)—Kuwaiti Minister of Oil 'Abd Mohsen Madaaj al-Madaaj arrived here today for a visit, aimed at furthering bilateral cooperation in the oil field.

Madaaj al-Madaaj is to hold talks tomorrow with his host Wang Tao, general manager of China Oil and Gas Corporation on the possibilities of further collaboration between the two sides.

He will also meet with officials from other oil-related companies, such as China National Chemicals Imports and Export Corporation and China Petroleum Engineering Construction Corporation.

Meetings with Chinese leaders are also scheduled during the minister's four-day trip to China.

International Day of Solidarity With Palestine Marked

OW2911154494 Beijing XINHUA in English 1532
GMT 29 Nov 94

[FBIS Transcribed Text] Beijing, November 29 (XINHUA)—A reception marking the International Day of Solidarity With Palestine was held here this evening by the Chinese People's Association for Friendship With Foreign Countries (CPAFFC).

CPAFFC Vice-President Wang Xiaoxian said at the reception that major changes have taken place in the Middle East since last year, as Palestine has assumed self-rule in Gaza and Jericho, and Jordan and Israel have established diplomatic ties.

These are positive results of the Middle East peace process and indicate a major step toward the restoration of the legitimate national rights of the Palestinian people and the realization of peace in the Middle East, which are what the Chinese people hope to see, she added.

Wang noted that the Chinese Government and people, who are concerned about developments in the Middle East, have consistently supported the just cause of the Palestinian people and sincerely hope that the Middle East issue will be settled in a fair and comprehensive manner at an early date.

Palestinian Ambassador to China Mustafa al-Safarini, on behalf of Palestinian people and President Yasir 'Arafat, gave his heartfelt respects to the Chinese Government and people at the reception.

Qian Zhengying, vice-chairwoman of the National Committee of the Chinese People's Political Consultative Conference, was also among those present at the reception.

West Europe

Sino-European Technology, Trade Talks Held in Nanjing

HK3011033094 Beijing ZHONGGUO XINWEN SHE in English 1403 GMT 29 Nov 94

[FBIS Transcribed Text] Nanjing, November 29 (CNS)—The '94 technology, trade and investment negotiation meeting between industrial enterprises of China and European countries opened in high-tech industrial development zone in Nanjing today. The meeting was aimed at enhancing understanding, promoting cooperation and joint development of the enterprises from the member states of the European Economic Community and from China.

Senior officials of the European Economic Community, more than 60 industrialists from 47 enterprises of France, Germany, Britain, Belgium and Ireland as well as coordinators of these five countries attended the meeting. Over 100 foreign-funded items were offered for negotiation at the meeting, covering technical equipment for compound material production, spare parts used in automobile industry, ship-building, machine-building and electronic industry, aviation and building industry, production technology for machine-building, chemical industry, light industry and building materials, as well as equipment for environmental protection, automatic control and computer technology. The ways of cooperation included jointly funding, transfer of permits, product export, sales by proxy as well as transfer of technology and jointly development, warmly by Jiangsu province and enterprises across the country. [sentence as received] Nearly 100 domestic enterprises also attended the meeting.

Infrastructure in the Nanjing high-tech technological and industrial development zone has been improved. At present, there are 640 enterprises in the zone with total investment of RMB [Renminbi] 4 billion, and of which, foreign-funded enterprises reach 150 in number.

Conference on China-Europe Economic Cooperation Opens

OW2911160194 Beijing XINHUA in English 1546
GMT 29 Nov 94

[FBIS Transcribed Text] Beijing, November 29 (XINHUA)—A two-day conference on economic cooperation and trade between China and European countries opened here today.

The meeting is the continuation of an international conference on the relationship between the two sides held in Athens in September of last year. In addition to the Chinese representatives, there are participants from Greece, the Netherlands, Italy, Ireland, Portugal and the European Union as well as Hong Kong.

Topics to be discussed are: prospects for economic cooperation and trade between China and Europe in the 21st century, chances for cooperation between medium-sized enterprises, and relations between China and Greece, Ireland, and Portugal.

In addition, the Chinese representatives will give a brief account of China's economic and financial reforms.

Addressing the meeting, Chen Haosu, vice-president of the Chinese People's Association for Friendship With Foreign Countries, pointed to the four principles for handling relations between China and the European Union countries put forward by Chinese President Jiang Zemin during his visit to France in September.

He noted that the four principles refer to: developing long-term friendly cooperative ties by looking towards the 21st century; mutual respect and seeking common grounds by resolving differences; mutual benefit and facilitating common development; and strengthening consultation and cooperation in the international arena.

Chen said that these principles are not only far-sighted, but also practical. He added that his association should

abide by these principles and strive to develop multiple-level non-governmental cooperation. It should also give an impetus to strengthening links between China's industrial and commercial enterprises and their foreign counterparts, by exchanging information and establishing partnership.

Endymion Wilkinson, head of the European Union delegation of the European Commission, said that China's development and the rise of many Asian countries as economic forces has brought about changes in world economic power. The European Union has come to realize that it is time for it to expand its ties with China.

He said that the European Union, therefore, needs to expand the image of Europe in China, and should back China's re-entry into the General Agreement on Tariffs and Trade (GATT) so as to enable it to become a founding member of the World Trade Organization.

The European Union will help China develop its economy and reduce poverty and strengthen cooperation with China in environmental protection, medical care and public health.

The conference was sponsored by the Chinese People's Association for Friendship With Foreign Countries and the Institute for the Advancement of Eurochinese Relations of Greece.

Political & Social

Li Guixian: Strengthen 'Rectifying Malpractices'

HK2911125894 Beijing XINHUA Domestic Service in Chinese 1114 GMT 27 Nov 94

[By China National Radio correspondent Chen Yunling (7115 0061 7227) and XINHUA correspondent Zhao Wei (6392 4850): "Li Guixian Stresses Strengthening Leadership, and Consolidating and Deepening the Drive To Rectify Malpractices"]

[FBIS Translated Text] Guangzhou, 27 Nov (XINHUA)—In Guangzhou 23-26 November, the State Council Malpractice-Rectification Office called a work conference on rectifying malpractices. State Councillor Li Guixian pointed out in his address that we must have a clear understanding of the current situation in rectifying malpractices; further strengthen leadership; continue to curb malpractices and tighten discipline in areas against which people have complained most strongly; remedy both the symptoms and the root causes; and continuously consolidate, deepen, and expand the malpractice-rectification drive alongside the process of establishing a socialist market economy system so as to safeguard social stability and to promote reform and opening up.

A total of 14 provinces, autonomous regions, and municipalities sent the leading comrades of their malpractice-rectification offices, as well as the cadres in charge of malpractice-rectification work in discipline inspection committees and supervision departments.

Xu Qing, deputy secretary of the Central Commission for Discipline Inspection and head of the State Council Malpractice-Rectification Office, chaired the conference. He said: Since early this year, the momentum of the malpractice-rectification drive has been good. Moving further on the basis of last year's achievements, the "three eliminations and one curb" have scored results to varying extents. Concerning arbitrary levies, another large batch of items have been announced on which arbitrary levies are banned. Arbitrary levies were reduced further this year and by a larger percentage from last year's 7 billion-odd yuan. The illegal levies uncovered amounted to 760 million yuan. Overseas travel using public funds under dubious claims has basically been halted. Incomplete statistics from 27 provinces, autonomous regions, and municipalities showed that party and government units and workers commandeered 6,312 company transports and 144,611 pieces of communications equipment, and demanded and obtained 800 million yuan in company capital or sponsorship. One-third of all these possessions have been returned. New progress has been registered in the effort to curb malpractices in key government departments and business sectors. However, he said, we cannot yet be optimistic about the situation; the task of continuing the implementation and of consolidating our achievements remains arduous. The conference was called with the aim

of making a determined study so as to provide a line of thinking and concepts for the next stage of malpractice rectification.

Li Guixian spoke after listening to discussions among the representatives for a few days. He pointed out that malpractice rectification is a long-term and arduous task. Although we have scored certain results, measured against existing problems our work is still very far behind. On the whole, malpractices in sectors and professions have not been halted. In everything of their concern—from simple daily necessities to matters about births, deaths, and medical care—people still are encountering the problems of abuse of power for personal gain, and of refusals because of a lack of gifts. Complaints against some departments and professions have been very strong. Both because of people's complaints and because of the need to further reforms, development, and stability, we must deepen malpractice rectification and unswervingly persist in it.

Concerning the line of thinking for next year's malpractice rectification, Li Guixian stated that we must approach next year's malpractice rectification within the context of the party's overall work and under the comprehensive anticorruption concept. The "three eliminations and one curb" must be deepened in consolidation and consolidated in deepening. We must continue to rectify malpractices, tighten discipline, conduct specially targeted rectification, and attack symptoms and root causes. In studying economic structural reforms, localities and departments must consider remedying and preventing malpractices, plug existing institutional loopholes, conscientiously enforce existing laws and regulations, and further strengthen checks-and-balances mechanisms. Concerning concrete work, Li Guixian wanted selected focuses to be highlighted; combined efforts between localities and departments; careful planning that takes in different local characteristics; and selecting areas against which people have complained very strongly, and which are strategic in nature and carry a good chance of attaining obvious results, to be attacked individually.

Li Guixian stressed further strengthening leadership over the malpractice-rectification drive. Governments and departments at all levels must make malpractice rectification a key task in their agendas, and must incorporate it into leading cadres' administrative work. They must build and perfect a leaders' responsibility mechanism, complete with objectives, demands, supervision, and inspections, and must step up efforts to implement this year's malpractice-rectification work. Some of the work for the malpractice-rectification drive can be continued next year if it cannot be completed this year, but we should pursue and adopt a hands-on approach to current work; we should not just go through the motions. We must improve our style and methods of leadership, discover the truth and be pragmatic, and do our best to avoid formalism and only scratching the surface of the problem. On the current organizational

reforms, Li Guixian demanded preserving and boosting malpractice-rectification offices, helping these offices solve difficulties in their work, and guaranteeing them the necessary conditions and funds for their work, so that they can play their role better.

Last of all, Li Guixian said: The 1995 New Year's Day and Spring Festival are coming. A measure of success in our anticorruption drive, including the malpractice-rectification effort, will be whether we can have a clean, corruption-free, and happy New Year's Day and Spring Festival. All districts and departments must firmly uphold the State Council decree on strictly controlling excessive growth in consumption funds and strengthening cash controls; reducing and economizing on meetings, celebrations, and citation rallies; preventing year-end spending sprees; strictly banning holding banquets and extravagant activities with public funds; and strictly prohibiting the offering and acceptance of gifts, gift coupons, and indigenous or special products between superiors and subordinates and between departments. People who refuse to listen to advice, go against the decree, and break discipline must be investigated and dealt with sternly. Typical cases must be publicized. Guangdong Governor Zhu Senlin gave an opening speech to the conference.

Justice Vice Minister Explains Prison Reform

HK2911125294 Hong Kong KUANG CHIAO CHING in Chinese No 265, 16 Oct 94 pp 36-40

[Report by Ting Pu-tien (0002 5943 1131): "Interview With Zhang Xiufu, Vice Minister of Justice, on Chinese Prisons"]

[FBIS Translated Text] China's First Modern and Civilized Prison

Within the boundaries of Qingpu County, 50 km from Shanghai, stands a new architectural complex which occupies a total ground area of 125 mu and a floor area of over 30,000 square meters and cost 40 million yuan to build. This is the newly completed Shanghai Qingpu Prison—China's first prison of international standards.

Qingpu was one of the stops during our visits to prisons in Shanghai and Nanjing. Upon our arrival at Qingpu on 15 September, the first thing which came into view was a stretch of artistically designed buildings: The main construction is a spacious teaching building, which is surrounded by four Y-shaped high-story dormitories, all facing south. Other construction includes a family meeting building which provides rooms for married prisoners to meet their families, reading rooms, bathrooms, clinics, and one football pitch and 10 basketball courts. The streamlined prison police control office is equipped with computers and other modern supervision and telecommunications facilities. With an average living area of 3.3 square meters per prisoner, this prison can house over 2,000 prisoners.

In an interview with this magazine, Zhang Xiufu, executive deputy minister of the Ministry of Justice who takes charge of the country's prisons and the reeducation of prisoners, gave us a special briefing on the Shanghai Qingpu Prison: The Shanghai Qingpu Prison is a model of China's modern and civilized prisons and also an indicator of the rapid progress of China's prison reform. At present, over half the prison officers have received tertiary education and professional training. They are getting themselves ready to accept the first batch of prisoners in October this year. The Ministry of Justice is planning to draw experience from this prison and then spread the experience to other regions.

Reform Is Underway Quietly in China's Prisons

Zhang Xiufu said: The plan China adopted at the beginning of this year to build modern and civilized prisons is aimed not only at adapting China's prison work to the needs of its economic development. It is also aimed at bringing China's existing anticrime practices more into line with international criminal law and practices and at facilitating better communications and exchanges between Chinese prison management personnel and their foreign counterparts. The implementation of this plan has marked the beginning of a new phase in the reform of China's prisons.

It has been learned that China and the United States, which have a population of 1.2 billion and 200 million respectively, have both kept their respective total number of prisoners at around 1.25 million. Yet, each year, the United States puts more than \$20 billion into its prisons, while China can only afford to input 2 to 3 billion yuan. Restricted by financial resources, China lags far behind Western countries in the modernization level of prison facilities and constructions; even by the end of this century, China can only afford to build or redevelop a small number of criminal detention and reeducation centers similar to the Shanghai Qingpu Prison in key areas such as Beijing, Tianjin, and Guangdong.

Prisons Will Be Run As Special Schools

Zhang Xiufu told us: China's plan to build modern and civilized prisons is composed of two parts, "hardware" and "software." Referring to the facilities and constructions of prisons, the "hardware" of China's prisons is not comparable to that of prisons in Western advanced countries and China will not overstretch its own financial capabilities when upgrading the "hardware" of its prisons. Nevertheless, China has been enjoying unique superiorities and scored remarkable results in promoting the "software" of its prisons, namely, the management, reeducation, and transformation of criminals. Over the past several decades, China's prisons have become well known to the world with their marked results in transforming China's last emperor and Japanese POWs; today, they have also accumulated successful experiences in utilizing ordinary prisons and facilities to reeducate and transform criminal offenders of all kinds.

Prison bars are meant to punish criminals, yet punishment is not our final goal. Vice Minister Zhang Xiufu stressed: China's bid to run prisons as special schools in which the overwhelming majority of prisoners can be transformed into new people useful to the society, is precisely a distinctive characteristic of China's plan to build modern and civilized prisons. Abiding by the principle of strictly enforcing the law, respecting the personal dignity of prisoners, and protecting the legitimate rights and interests of prisoners, about 250,000 prison police across the country have earnestly engaged themselves in the reeducation and transformation of criminals. As a result, over 90 percent of criminal offenders in China have turned over a new leaf. Supervision results over prisoners during the first three years of their release have showed that the recidivism rate among ex-offenders lingers between 7 to 10 percent and slightly over 1 percent, making the average 6 percent. This presents a striking contrast with the recidivism rate in Western countries, which reaches as high as 40 to 80 percent. Recently, the Ministry of Justice named the Nanjing City Prison, Jiangsu Province, as a "Ministerial-level Outstanding Special School" for the remarkable achievements it has attained in transforming criminals.

Physical Labor, Education, and Persuasion—A Trilogy Concerning the Transformation of Criminals

Physical labor, education, and persuasion have been acclaimed as China's trilogy concerning the transformation of criminals. Zhang Xiufu noted: Today, certain Western countries are laying an unduly great stress on the use of detention, discipline, and penalty for the punishment of prisoners. Yet things are different in China. Enjoying a fine ancient tradition of reforming criminals through physical labor, China's prisons have organized prisoners to take part in physical labor to help them get rid of their bad habits of loving ease and hating work, establish a sense of responsibility for society, learn and master professional skills, and pave the way for their own future lives. What is more, from their physical labor, the prisoners can also gain certain material rewards. At present, all prisons in China regard physical labor as a major means of transforming criminals and further studies are now under way on the feasibility of adopting a grade-salary system for prisoners who are engaged in physical labor.

According to Ministry of Justice statistics, the rate of criminal offenses in China is closely related to the educational levels of offenders; that is, the lower people's educational levels are, the more offenses they tend to commit. Illiterates, semiliterates, and the elementary-level educated account for 53.3 percent of the country's total number of prisoners currently under detention. Based on these facts, the state has brought the education of criminals into the entire national education program. Today, almost all prisoners across the country have cultural, technical, or even art courses provided for them; full-time teachers are employed to conduct standard and systematic education among prisoners about

the country's legal system, social ethics, culture, techniques, and art; and they are also encouraging prisoners who graduated from senior middle school to pursue higher education. In 1993, a total of 208,000 criminals from different prisons across the country obtained their graduation certificates, while 223,000 were awarded certificates in various technical grades. In addition, "culture within the walls" and "culture in detention areas" have also been flourishing in China's prisons in recent years. In both Shanghai and Nanjing, this reporter attended exhibitions of paintings and calligraphy work by prisoners and watched theatrical performances staged by prisoners. A prisoner from the Shanghai Reeducation Center for Juvenile Delinquents moved the whole audience to tears when he recited a poem on stage which described how he ran away after committing a crime and how he had awakened to his errors. Shanghai's prisons alone have published three collections of poems and essays written by prisoners, all under the Series of Collections by the Tiqiao Detention Area of Shanghai, which include "Letters To or From Home," "A Record of Repentance," and "A Collection of Heartfelt Wishes From Purgatory."

Thanks to the education and persuasion, many prisoners have pulled themselves out of their despair and stopped taking a negative attitude toward their time in prison. Today, many of them are making positive efforts to seek a new and meaningful life, gradually giving up evil and returned to good. As a result, some have seen their sentences reduced while others are even released before their sentences expire. During this trip, this reporter talked with 12 prisoners and heard their personal experience of repentance in prison.

A 31-year-old prisoner called Sun in the Nanjing City Prison, Jiangsu Province, told me: He was first arrested for theft at the age of 15 and sent to a reeducation center for juvenile delinquents; since then, he has been in and out of prison many times. In 1981, he beat a prisoner to death during his term of imprisonment and was given an additional sentence of life imprisonment. During his 16 years of life behind bars in four different prisons, he always refused to subject himself to discipline. On the day of his transfer to the Nanjiang Prison, within minutes of exiting the police vehicle, he began to dash around madly acting like an idiot, beating other inmates, and shouting abuse at the visiting families of other prisoners. In view of this, the prison authorities had no alternative but to lock him up in solitary confinement. There, he made several unsuccessful suicide attempts, twice by banging his head against the wall and once by hanging himself. To help such a stubborn prisoner, the prison officers carefully analysed his psychology and persisted in educating him through persuasion. A chief prison officer and a section head in turn held heart-to-heart talks with him alone on more than 100 occasions; they also taught him the practice of calligraphy with Chinese writing brushes so that he could attain mental tranquility and eventually bring a change to his hot temper. Meanwhile, instead of restricting their work

within the four walls of the prison, the prison officers called on Sun's parents, freed their mind of misgivings, and made an exception by arranging that the old couple visit their son in prison. As soon as he saw his aged parents in his solitary cell, Sun burst into tears; and it was at that moment, his conscience was awakened and his trust in the prison officers was built. He told this reporter: "I have totally changed!" Today, Sun, a habitual offender who was rescued from his desperate situation by the government, is taking earnest actions to subject himself to reeducation and transformation; as a result, his life sentence has been reduced to a 20-year term of imprisonment and the prison officers expect further reductions.

The Counterrevolutionary Criminals in China's Prisons

According to briefings given in turn by Zhang Xiufu and Du Zhongxing, deputy director of the Ministry of Justice Administration of Prisons, as of 30 June 1994, of the more than 1.25 prisoners currently serving sentences in more than 600 prisons across the country, there are a total of 2,829 counterrevolutionary criminals, not the 5 million political prisoners as claimed by certain people overseas. The total number of counterrevolutionary criminals is going down annually; the figure stood at 3,651 in 1992 and dropped to 3,036 in 1993.

Zhang Xiufu said emphatically: Counterrevolutionary criminals are convicted of their crimes according to China's "Criminal Law." In other words, people who commit the crime of subverting the state power of the PRC and the crime of overturning the socialist system will be put into jail only after they have been tried and found guilty. Deputy director Du Zhongxing told us: Of the small number of criminals who violated the law during the 4 June turbulence in Beijing, most have been released on parole or have gone abroad after their release. There are rumors from overseas that Chen Zimin has received surgical operations and is suffering from hepatitis. This is not true. Chen Zimin has never contracted hepatitis and he is currently on medical parole for other illnesses from which he is suffering. Currently, he is having a medical checkup under the supervision of the public security organs. Rumor also has it that Liu Gang was beaten up and his arm was broken. This is also a groundless charge. Liu Gang is now serving his sentence in a prison which has even given him special consideration and provided him with a desk, a TV set, and newspapers and books of various kinds. Both Wang Dan and Wei Jingsheng have been released on parole. It was rumored that Wei Jingsheng went mad in prison and lost all his hair and teeth. He is now free and everyone can see that he is still a normal man in every way. People also claimed that Wang Juntao became a mere skeleton and was dying in prison. He has now gone abroad and the whole truth has come out.

It has been learned that among the counterrevolutionary criminals currently serving sentences in China's prisons, most are those who joined enemy secret services and

engaged in sabotage activities upon their return to the mainland. This reporter saw four counterrevolutionary criminals in prisons in Shanghai and Nanjiang. One was a hijacker who attempted to hijack a ship and flee the country. Another two had been found guilty of collecting confidential information and expanding enemy spy organizations on the Chinese mainland after joining enemy secret services outside China. The fourth is a person called Lin AND detained in the Nanjiang Prison. A People's Liberation Army [PLA] company commander before his arrest, Lin committed the crime of stealing a military map from his Army unit because of the lure of money, selling it on the high seas to overseas enemy spy organizations. The four of them are doing well in transforming themselves and their imprisonment terms have been reduced by varying degrees.

The Economic Criminals in China's Prisons

Statistics show that China's total number of prisoners has been maintained at around 1.25 million over the past three years; however, the number of economic criminals in coastal areas and the eastern part of the country is on the rise on a yearly basis. One major category of economic criminal case involves property thefts, lootings, and train and highway robberies. The perpetrators of these crimes are mainly peasants, laborers, and youth and teenagers with relatively poor educational backgrounds. The other major category is corruption and bribery committed by government functionaries, managerial personnel in enterprises, and office staff. According to incomplete statistics, the first half of this year witnessed a considerable increase in the total number of newly imprisoned economic criminals. To put an end to such a situation, the government is planning to take new action against economic crime.

Sex crimes and prostitution run rampant but mainly in coastal areas, with the offense rate going up and down from time to time. When control against sex crimes is tightened up, the offense rate begins to drop; however, once control is relaxed, the rate soars again immediately. Drug trafficking and processing are concentrated in southern cities like Yunnan and Guangdong which are close to the Golden Triangle. Although no nationwide criminal networks have been found for underground black societies and organized crime, the number of gang robberies has gone up drastically in the various localities over recent years. When talking about the ruthless "Hunan Gang" of the underground black society which terrified the people of Hong Kong, Zhang Xiufu told us that Hunan's recent crackdown campaign against gang crimes, which was launched by new Hunan CPC Secretary Wang Maolin in October last year, has successfully brought Hunan's criminal offense rate down to a level lower than that of neighboring provinces. The Ministry of Justice recently spoke highly of Hunan's achievement.

Promote Exchanges With Hong Kong, Macao, and Taiwan and Bring China's Legal Practices More Into Line With the Practices in Those Three Areas

Deputy Minister Zhang Xiufu noted: Over the past several years, China has expanded exchanges with Hong Kong and Macao in prison administration and also attained satisfying results in joining hands with the two areas to fight crime. Alongside the development of the market economy, China's economic exchanges with Hong Kong, Macao, and Taiwan are bound to expand on a large scale and demands for legal services will increase accordingly. In view of such a situation, the Ministry of Justice has appointed more than 80 Hong Kong lawyers as authorized notaries who can provide legal services under Chinese law. At present, in view of the growing number of applicants, the ministry is considering the possibility of expanding the recruitment program.

To promote exchanges between the law circles on both sides of the Taiwan Strait, exchange activities were organized last year for the China Politics and Law University and the Tungwu University of Taiwan, which was headed by Chang Hsiao-tzu. More than 100 mainland and Taiwan experts gathered together in a harmonious atmosphere and such exchange programs have always been met with a warm response. This year, the mainland side is planning to send a delegation, grand in both size and standards, to visit Taiwan.

China will hold its 1994 Lawyer Credentials Examination in Shenzhen in early October and more than 300 people from Hong Kong, Macao, and Taiwan have already entered their names for the exam. Meanwhile, the Ministry of Justice is planning to set up in Shenzhen a "Law Training Center for Hong Kong, Macao, Taiwan Under the Ministry of Justice of the PRC." With Vice Minister Zhang Xiufu as its director, this center is aimed at promoting China's exchanges and communications with Hong Kong, Macao, and Taiwan, to bring China's legal practices more in line with those in the three areas. The Ministry of Justice will also cooperate with foreign investors and jointly build a modern China Legal Service Building near Beijing's new railway station in the western part of the city, which can provide offices and other services for foreign lawyers as well as legal consultants of major companies stationed in China.

Chen Muhua Speaks at Meeting on Women's Activities

OW3011073394 Beijing XINHUA Domestic Service in Chinese 0823 GMT 21 Nov 94

[By reporter Liu Siyang (0491 1835 2254)]

[FBIS Translated Text] Beijing, 21 Nov (XINHUA)—At a national forum to discuss rural women's participation in the development and "double-learning, double-competition" campaign, which was held here today, forum participants suggested that while focusing on the general plan for agricultural development and the

requirement to establish a socialist economic market structure, it is necessary to deepen the "double-learning, double-competition" campaign so as to vigorously raise the educational and scientific and technological levels of women in rural areas, to promote the development of agriculture and the rural economy, and to accelerate women's bid to become well-off and achieve a comfortable standard of living.

The "double-learning, double-competition" campaign—"learning how to read and write, learning technologies, competing in achievements, competing in contributions"—was launched in early 1989 among women of all ethnic groups by the All-China Women's Federation, the Ministry of Agriculture, the Ministry of Forestry, the State Education Commission, and eight other units. By the end of 1993, about 20.3 million women had freed themselves from illiteracy through this campaign, some 96 million women had received training in applied technologies, and 510,000 of them had been named farmer technicians. Moreover, a large number of "skillful planters," "aquaculture experts," and "pacesetters in becoming well-off" had emerged among the women. About 15,000 female experts had received commendations at and above the provincial level, and 1.067 million scientific and technological demonstration teams, composed primarily of women, had also been trained. The production value created by rural women now accounts for 50 percent of the production value of agriculture.

At the forum, Chen Muhua, vice chairman of the National People's Congress Standing Committee, chairman of the All-China Women's Federation, and head of the leading group for the national "double-learning, double-competition" campaign, set seven requirements in connection with this campaign: To do a good job in organizing women's educational, scientific, technological, and business management training at various levels by making the upgrading of women's quality the focus of this campaign; to organize women to launch an emulation drive in developmental, specialized, and large-scale production operations; to continue to help women in poor areas free themselves from poverty and become well-off; to train and bring up female talent in rural areas so as to turn them into the main force for China's rural reform and development; to continue providing rural women with effective services; to strengthen leadership in order to guide the campaign to develop further; and to combine the deepening of the campaign with a strengthening of the building of grass-roots women organizations in rural areas.

Addressing the forum, Chen Junsheng, state councillor and adviser to the leading group for the national "double-learning, double-competition" campaign, noted that in the six years since the campaign involving all women in rural areas was launched, it has effectively promoted China's agricultural and rural work and has had a positive impact on society. He extended gratitude to the masses of women and to the various organizing units on behalf of the State Council.

Chen Junsheng said: We are now faced with an arduous task. That is, in the next six years we shall strive to increase our grain output by 50 billion kilograms so that China's total grain output will reach 500 billion kilograms by then. If we are to fulfill this task, one of the important measures we must take is to further popularize agricultural technologies, transform medium and low-yielding farms, and raise per-unit output. The role of rural women in this aspect is particularly important under the condition in which the household-based responsibility system that ties payment to output is practiced. Therefore, the "double-learning, double-competition" campaign for rural women should be linked to the strategic objective of raising agricultural output.

Chen Junsheng expressed the hope that governments at all levels will give more practical support to this campaign so that it will be more effective and more fruitful and will make greater contributions to promoting the comprehensive development of agriculture and the rural economy.

Peng Peiyun, state councillor, chairman of the State Council's Committee for Work Relating to Women and Children, and adviser to the leading group for the national "double-learning, double-competition" campaign, and relevant responsible persons of governments and women's federations of the provinces, autonomous regions, and municipalities directly under the central government attended the forum.

CCC Urges Churches To 'Maintain Independence'

HK3011073294 Hong Kong EASTERN EXPRESS in English 30 Nov 94 p 9

[By Bruce Gilley]

[FBIS Transcribed Text] The titular head of China's official Christian organisation has criticised churches which accept funding from abroad without government approval. Confirming earlier reports in Eastern Express, the China Christian Council (CCC) announced yesterday that a policy of "maintain independence" was adopted as the basis of church work in the coming year at a top-level meeting in Beijing last week.

The policy apparently takes aim at the growing influence of foreign missionaries and religious organisations in China, which Beijing has tried to limit with new regulations earlier this year.

Bishop Ding Guangxun, the CCC president, "spoke critically of local church leaders who had, without the knowledge of the provincial or national church leadership, asked for financial help from abroad for their church work", according to a statement. Ding singled out the Northeast Theological Seminary in the Liaoning capital Shenyang where, he said, "funding offered by a Korean church had so many conditions attached that the seminary rightly turned it down". Korean missionaries have been most active in China's three northeastern

provinces, where they benefit from a well-established ethnic Korean Christian community and a well-funded church back home.

Ding, 79, said the acceptance of such funding would compromise the "Three-Self" principles on which China's Protestant church, the Three-Self Patriotic Movement (TSPM), is founded. These state that foreign groups should have no control over the administration, preaching or financial support of the churches. "Ding said that true friends of the Chinese church abroad did not want the CCC to go back on the Three-Self principles," the statement said.

In an apparent reference to a congregation revolt over corruption among senior clergy at a church in Shenyang this year, Ding said churches needed to be run "in a democratic way" in order to avoid mismanagement. "According to the many letters of complaint from local Christians received by the CCC, while many local churches seemed to be well-organised, quite a few appeared to be mismanaged," Ding said.

The statement also confirmed that the CCC vice president, Han Wenzao, 71, had been appointed acting general secretary of the organisation until the next National Christian Conference is held in 1996. Han pledged to "make a more concerted effort to serve the rural churches in China", the statement said, an apparent reference to the official church's losing battle against the flocks of unregistered house churches across the countryside which are estimated to account for two thirds of the country's 30 million Christians. Han also intended to "bring up a new generation of Christian leaders".

In a first step towards this "rejuvenation of the church leadership", the CCC announced several changes in posts, including the elevation of the CCC spokesman Bao Jiayuan, 50, to associate general secretary of the CCC and that of the YWCA associate general secretary, Jing Wei, 42, to associate general secretary of the TSPM.

Commentary Urges Defense of Central Committee

HK3011094294 Beijing RENMIN RIBAO in Chinese 29 Nov 94 p 1

[Commentator's article: "Conscientiously Defend Central Authority"]

[FBIS Translated Text] The "Decision" adopted by the Fourth Plenary Session of the 14th CPC Central Committee stressed the need to defend the authority of the Central Committee. This task is of great importance because it is an issue concerning the overall situation, namely, it is not only essential to carry out the guidelines of the plenary session and speed up party building but it also concerns the reform, development, and prolonged political stability of our country. All levels of party committees and governments, particularly leading cadres charged with important responsibilities, should solve this problem properly, both ideologically and through their actions.

It is of great practical importance to defend the authority of the Central Committee. Our country has a vast territory and a large population, so the conditions vary from place to place. It can be imagined that the task of pressing ahead with reform in all fields, making a success of the structural reform, and speeding up the modernization drive is arduous and complicated. To ensure reform and development proceed toward the intended goal, step by step in a planned, organized, and orderly way, and to avoid chaos, the Central Committee must carry authority. In the last 16 years since the introduction of reform and the open policy, we have met complicated problems which we had rarely encountered before but our country has witnessed fairly stable economic and social development. The most important reasons for this are that we have a correct development strategy and the Central Committee has provided correct and powerful leadership. This is an extremely important experience and it has also attracted world wide attention. The positive experience that China's reform and opening up has proceeded in a stable way over the last 16 years and the negative experience that other countries were in chaos in the transitional period suggest that a central government that carries authority and exercises effective leadership over the process of social development is an important guarantee for achieving rapid and stable development at a smaller cost during the transitional period.

To defend central authority, the most important thing for us to do is to keep in step with the party Central Committee ideologically and in our actions. Over a long period, our party has created a set of closely knit organization systems which became our tradition. That is, party members must be subordinate to party organization, the minority to the majority, the lower level organization to that at the higher level, and all party organizations and the entire party membership must be subordinate to the CPC National Party Congress and the party Central Committee. Of all these, the most important requirement is that the whole party is subordinate to the Central Committee. Defending central authority is a matter of great importance because it concerns the overall situation and the nation's basic interests. So long as the Central Committee carries authority and can organize and exercise effective leadership over the party's work without a hitch, problems in certain fields will be solved without jeopardizing the overall situation.

To defend central authority, the key lies in action. All matters decided upon by the Central Authorities should be implemented earnestly and carried out to the letter. The fundamental policy of the central authorities on reform and construction is explicit and various special policies are crystal clear. The problem today is that there really are some conditions whereby certain units and departments are weak in implementing them to various degrees. Some people fail to go all out in implementation under the pretext of their peculiar conditions; some pursue the so-called "flexible adaptation" by resorting to trickery to serve themselves; others muddle through

their work, only paying lip service without any practical action; and still others pursue the practice of "countering central measures with a local ones." None of this is permissible. Since day one, our party has had a fine tradition in that different views can be set forth in party organizational life but matters the organization has decided upon must be implemented and, in carrying out central government orders, there should not be any bargaining or discounts. Party organizations at all levels must pay attention to overcoming the phenomenon of being relaxed and weak and firmly and properly grasp implementation of central government orders, defending central authority as an iron discipline, so that orders will be very strict, prompt actions will be taken when an order is given, and practice will be halted when a ban is issued.

To defend central authority, it is necessary to properly handle relations between various aspects. We have always paid attention to giving play to the initiatives of both the central and local governments. On this issue, we should like to say a few words: The central authorities should be very enthusiastic about supporting various localities and departments in boldly and independently developing work with originality by taking the initiative in their own hands based on their actual conditions; whereas various localities and departments should also consciously defend Central authority on their own and implement various central resolutions and government orders in a conscientious and meticulous way. We must have a clear picture that the central and local governments are not two parts independent of each other. There can only be one center in our national political life and the Central Committee is precisely that center. Basically speaking, local party committees and governments are the extension of the Central Committee and central government. Their precise function is to link major central policies to local specific practice, while implementing central decisions through independent work by taking the initiative in their own hands to realize the goal of national development. On this issue, it is imperative to maintain sobriety. It is vitally important to establish the idea of the whole country being a single entity, while opposing decentralism and localism. It is necessary to handle properly the relations between the central authorities and localities as well as the relations between localities and between departments and localities; we should advocate mutual aid and cooperation and taking the overall situation into consideration. We should see that the national interest is supreme and the most fundamental. Work in whatever locality or post must be subject to serving the supreme and most fundamental national interest.

"When the sense of discipline is augmented, the revolution will be invincible." So are reform and economic construction. It is imperative for us to see the important significance of safeguarding central authority from the plane of the principle of party spirit, augment our consciousness and initiative, always be models in implementing party discipline and in augmenting the party

solidarity and unification. As long as the whole party closely unites around the Central Committee, with Comrade Jiang Zemin as its core, exerts efforts with one heart and soul, struggles hard amid difficulties, we are able to overcome difficulties and remove interference, while promoting China's cause of reform, opening up, and modernization.

Cadres Replace Imported Cars With Domestic Vehicles

OW2911165294 Beijing XINHUA Domestic Service in Chinese 1038 GMT 25 Nov 94

[FBIS Translated Text] Beijing, 25 Nov (XINHUA)—Reporters recently learned from the Central Discipline Inspection Commission and Supervision Ministry that in the course of implementing central provisions governing the allocation and use of vehicles by various provinces, autonomous regions, municipalities, and various departments under central party and government organs, many provincial- and ministerial-level leading cadres have exercised strict self-discipline, taken a firm attitude, made active efforts, and quickly changed their sedans that do not meet relevant specifications, thereby further intensifying the effort to promote honesty and self-discipline among leading cadres, a good party work-style, and clean government.

It is reported that since the Third Plenary Session of the Central Discipline Inspection Commission, especially since the CPC Central Committee and State Council general offices issued the "Provisions Governing the Allocation and Use of Vehicles by Party and Government Organizations" on 5 September, provincial, autonomous regional, and municipal leading comrades, as well as leading comrades from various departments under central party and government organs, have generally paid attention to this matter, with many regions and departments taking quick actions to implement the provisions. According to the results of recent inspections of 125 ministries, commissions, and units, as of mid-November, 164 cadres at the ministerial and vice ministerial levels were found to have used vehicles that did not meet relevant specifications, out of a total of 524 who were assigned vehicles for exclusive or regular use. Of these, 124 have since replaced their vehicles with domestically made cars. Other departments and leaders who have not yet replaced their vehicles have stressed the need to seriously implement Document No. 14 of the CPC Central Committee and State Council general offices, as well as relevant Central Discipline Inspection Commission provisions. Most of them have made suggestions for replacement and set specific deadlines for doing so. All official vehicles currently used by leading cadres at the ministerial and vice ministerial levels in 99 units, including the CPC Central Committee's Organization and Propaganda Departments, and the Public Security, Finance, and Water Resources Ministries, meet relevant specifications.

According to preliminary statistics, 244 of the incumbent province-level leading cadres in the 30 provinces,

autonomous regions, and municipalities across the nation have replaced their official vehicles with ones that conform to relevant specifications in accordance with pertinent central provisions. Of these, 57 incumbent provincial party secretaries and governors have all replaced their vehicles with those that meet relevant specifications.

It is reported that Shanghai, Jiangsu, Inner Mongolia, Guizhou, Shaanxi, and Qinghai are among the provinces, autonomous regions, and municipalities whose province-level leading cadres have done a fairly good job of implementing provisions on vehicle use in recent years. Of these cadres, principal leaders of the Shanghai Municipal CPC Committee, government, people's congress, and committee of the Chinese People's Political Consultative Conference have always used domestically made cars. The effort to screen the use of imported luxury cars by leading cadres that exceed the prescribed standards is continuing across the nation.

Civil Aviation Authority Standardizes Airport Charges

HK2811103094 Hong Kong MING PAO in Chinese 12 Nov 94 p b3

[By unnamed staff reporter]

[FBIS Translated Text] In view of the chaotic situation in airport charges and fees, the Civil Aviation General Administration of China [CAGAC] has drawn up a standard fee index, unifying airport taxes for all airports and banning local governments from levying surcharges.

A CAGAC official said in a long-distance telephone interview with this reporter that the planned index had been submitted to the State Council, the Ministry of Finance, the State Planning Commission, and so on, and will be put into effect on approval. The national unified airport tax for international flights is different from that for domestic flights; it will be higher.

The official conceded that they had received many complaints about disorder in airport taxes, describing it as the result of local government actions. Although it is understandable for local governments to want quicker returns on their airport and highway construction, local practices and different fee standards undermine the image of civil aviation and should be stopped.

A CAGAC statistical document shows that airport fees vary from airport to airport; the average is 15 yuan, but the highest amounts to 100. Moreover, the fees all are charged under different names. For example, the fee charged by the Haikou airport is called an airport construction surcharge; at the Zhanjiang airport it is called an airport expansion project fee; in the case of the Baiyun Airport, it is a road facility surcharge; and at the Chongqing airport, it is city government transport facility fee. Some airports lump standard and additional charges together, and show them in one sum. The receipts given by the Shenzhen airport show only the

total sum of 50 yuan. Some separate the levies. The Yantai Airport returns two receipts to passengers, one for 15 yuan and the other for 35, stating the local and state levies separately.

The official explained that CAGAC had provided regulations for levies for airport management and construction.

In January 1992, CAGAC, the Ministry of Finance, and the State Price Administration jointly issued a decree announcing that as of 1 March 1992, Chinese and foreign passengers on domestic flights (including domestic legs of international and regional flights) would be charged a 15 yuan airport management and construction fee, which would be collected by departing-flight airports. Only passengers whose plane tickets cost 70 yuan or less were exempted. The decree stated that the payment of the fee exempted passengers from other charges and taxes. The special levy would be used to finance railings, fire and security inspection facilities, and other safety measures. The airport management and construction fee levied by airports under direct CAGAC management would be submitted to CAGAC for centralized appropriation, but would be kept and used by airports (or the government of the place in which the airport is located) if they were run by local governments. The decree banned local governments from taking airport surcharges after CAGAC had started levying the management and construction fee, and no CAGAC departments were allowed to collect such surcharges on behalf of local airports.

However, the decree did not stop surcharges. People from civil aviation circles believe that the 1992 "decree" did not have much effect in stopping arbitrary levies, and do not think there is as yet any effective management method, for charges additional to the standard fees are approved by provincial and city governments, or by city finance departments. Local governments are required by regulation to report such levying to the State Planning Commission and Financial Ministry for approval, but so far no local governments have done so.

Population Growth 'Under Control'

OW3011040794 Beijing XINHUA in English 0352
GMT 30 Nov 94

[FBIS Transcribed Text] Beijing, November 30 (XINHUA)—China has succeeded in keeping population growth under control and raising the quality of its population thanks to the implementation of its family planning policy.

The most populous country in the world, China has adopted a nationwide policy which allows one family to have only one child, with the exception of couples with disabled children and in the case of minority nationalities.

As a result, the natural growth rate of population in China dropped from 25.83 per thousand persons in 1970

to last year's 11.45 per thousand. The country's birth rate also went down from 33.43 per thousand to 18.09 per thousand, according to statistics released by the Department of Social Development under the State Planning Commission today.

The slowed population growth rate is conducive to the coordinated development between population rise and economic growth not only in China but also in the world as a whole, said a population control official.

Meanwhile, the mortality rate has been kept at about six per thousand owing to the development of public health. The average life span has jumped from 35 years at the time of liberation in 1949 to the present 70.

In a bid to raise the population quality, governments at various levels in China pay great attention to the development of education. By 1993 the number of illiterates in the country had been reduced to seven percent, while attendance in secondary schools had risen by 43.8 fold over 1952.

Country Reforms Public Health System

OW2911065294 Beijing XINHUA in English 0636
GMT 29 Nov 94

[FBIS Transcribed Text] Changchun, November 29 (XINHUA)—Hospitals across China are exploring ways to reform the existing public health system to adapt to changing market-oriented economic mechanisms.

A small state-run hospital in this capital of northeast China's Jilin Province has been cited as a model by the local government for its bold measures taken in this respect.

The hospital hired specialists in various fields of medicine to upgrade the quality of medical service. It also reformed the systems of income distribution and of personnel arrangement, selecting the best-qualified and dismissing the incompetent. The gap was enlarged in the wages and rewards of staff members in a bid to arouse their enthusiasm.

As a result, the hospital's turnover in the first ten months of this year was three times the total in 1991.

The experiment will soon be implemented in all hospitals in Changchun, said Zhang Zhou, director of the city bureau of public health.

Another hospital in the city will introduce the shareholding system.

A hospital in Liaoyuan city, in Liaoning Province, has adopted the leasing system.

China's largest industrial center, Shanghai, has also taken a series of reform measures in the management of public health.

County-Level Police To Recruit University Graduates
HK3011054894 Beijing CHINA DAILY in English
30 Nov 94 p 1

[By Xiao Ma: "Police Force to Recruit University Graduates"]

[FBIS Transcribed Text] China's county-level public security bureaux are recruiting 3,000 college graduates over the next three years to upgrade the force's professional quality.

The bureaux hope the recruiting drive will lead to a more capable and qualified local police force.

The Ministry of Personnel, Public Security Ministry and the Organization Department of the Party Central Committee jointly issued a circular in mid-November urging police departments and universities to prepare for the assignment.

All 3,000 recruits will become "civil servants" and receive strict training to bolster local police capability.

"The aim is to train hard-working police, let them learn grassroots work and then choose outstanding ones for leading posts at various levels," said Zhu Chunlin, a senior officer with the Public Security Ministry.

The Public Security Ministry will ask local police to send graduates to posts which will help their training and test their resistance to possible corruption.

China's 1-million-strong police force is expanding due to the country's economic advance. Growing prosperity is increasing the need for more fire-fighters, frontier inspectors and criminal investigators.

Low education levels at grassroots police departments, where only 5 percent of policemen are college graduates, has created the need for a more educated force. Most policemen are self-taught and have learnt through correspondence courses, night school or TV universities.

There have also been signs of corruption and malpractices in local departments, creating a need for better educated staff.

Economic development has created the demand for a modern force of capable policemen able to combat rising crime.

The 3,000 graduate quota has been distributed to 30 provinces, municipalities and autonomous regions.

The largest quota of 180 has gone to Hebei Province. And South China's Hainan Province is to get 20, the least in the country.

Xinjiang and Tibet are to receive 120 and 100 new recruits respectively.

Beijing is to get 80, Shanghai 100 and Guangdong 120.

Prime candidates will be students reading laws, medicine, computers, languages and chemistry.

The Ministry of Public Security is sure college graduates will find police work an exciting and important profession.

Zhu said he thought 3,000 recruits were not enough. He believes as many as 50,000 educated recruits are necessary if the country is to upgrade its police force each year.

Small Towns To Absorb Surplus Rural Labor

HK2511102094 Hong Kong MING PAO in Chinese
27 Oct 94 p B1

[By special correspondent Yuen Ping (5913 0365): "China Plans To Urbanize Rural Areas To Shift Surplus Work Force"]

[FBIS Translated Text] The Chinese Government holds that the fact that large numbers of its surplus work force are stuck in the rural areas has become an important factor restricting the economic development of China's rural areas, and even the development of the whole national economy. A government study indicates that despite China's industrialization gaining momentum, its agricultural work force still accounts for over half the total, while the proportion of the urban population to the rural remains at 2 to 8. Even if its industrial development moves ahead more quickly, it will be difficult for China to reach the ranks of the industrialized countries.

Rural Work Force Accounts for 57 Percent of Total Work Force

According to the State Statistics Bureau, in 1992 the total population of China was 1.17 billion, with 848 million in the rural areas and a rural work force of 440 million. Moreover, only 340 million of the rural work force actually engaged in agriculture, accounting for about 57 percent of the nation's working population. This rate is not only much higher than in the western countries, but is also higher than developing countries such as Brazil and the Philippines and is just approaching Indonesia. At present, there is still a surplus work force of 170 million among the agricultural work force (that is, not fully employed), which equals the total population of the 517 cities in the country.

The Chinese Government has made shifting the surplus rural work force (the employment problem for the rural population) the focus of agricultural reform in the next stage. Its main content is the urbanization of the rural areas.

For the past four decades or more, China has practiced a system of household registration which differentiates the cities from the rural areas. Consequently, peasants have been confined to the land. Even though the boom in township and town enterprises has turned 100 million peasants into workers over the past 15 years, there has not been any fundamental change in the dual economic structure which separates the cities from the rural areas. No matter whether peasants are engaged in business or

employed as workers, they are registered as rural residents. Furthermore, as the capital and technology intensiveness of township and town enterprises has kept increasing in recent years, their ability to absorb employees has tended to weaken. As a result, the speed of shifting the surplus rural work force has slowed.

To Develop Small Towns Is a Feasible Method

According to the analysis in the government study, if the present surplus work force of 170 million in the rural areas enters the big and medium-sized cities, and if each city can accept 500,000 of them, China needs to build 340 large and medium-sized cities by the end of this century. However, by the end of 1992 there were less than 200 large- and medium-sized cities with a population of over 200,000. According to official statistics, 10,000 yuan is required on average for production and lifestyle investment for each additional city resident. Altogether then, 1.7 trillion yuan is needed, an astronomical figure that is beyond China's financial resources. Therefore, the only way out is to develop small towns.

By the end of last year China had over 55,000 small towns, of which 14,500 were towns and over 39,000 were where township governments are located. In fact, there are over 100 million registered permanent rural residents in the above-mentioned small towns. If each of these small towns accepted 3,000 people from the surplus rural work force, then this surplus work force of 170 million could be "absorbed" by small towns scattered all over the country.

According to the study, the biggest advantage of developing small towns as a solution to this problem is that it provides job opportunities in tertiary industry (trade and service industries). The experience of the Western industrialized countries shows that a society needs to have two to three more persons working in trade and service industries for each additional employee in the processing industry. Of the present rural work force in China, over 77 percent are engaged in agriculture and primary industry, while less than 12 percent are engaged in processing industries and only 10 percent in trade and service industries. By deduction, the potential for trade and service industries to absorb the surplus work force in the rural areas stands at 50 million to 110 million people.

Program To Reform Household Registration in Small Towns

It is said that China's Ministry of Public Security has drafted a "Program To Reform Household Registration in Small Towns." The program calls for the reform of the present household registration administration system which differentiates the nonagricultural population from the agricultural population mainly according to the grain supply standards set for city and town residents. Instead, it will register one's residence according to his or her place of residence, gradually bringing about the practice of differentiating the urban population from the rural

population according to place of residence and the agricultural population from the nonagricultural population according to occupation. In this way household registration will truly reflect a citizen's residence and status. Besides, the policy on changing domicile will be adjusted to allow peasants with fixed legal residence, stable income, and employment to settle in small towns. Township governments will take over the land of those peasants who are permitted to settle down in small towns.

Campaign Helps Farmers Widen General Knowledge

OW2911110794 Beijing XINHUA in English 0749
GMT 29 Nov 94

[FBIS Transcribed Text] Beijing, November 29 (XINHUA)—A nationwide campaign has helped reduce illiteracy from 34.5 percent a decade ago to 16.4 percent at present, the CHINA EDUCATION NEWS reported today.

More than 65 million people, most of them farmers, have learned to read and write, and 260 million rural laborers have participated in different literacy training courses since 1982.

This figure was released at a recent national work meeting on wiping out illiteracy and promoting rural adult education in Wuxi City, Jiangsu Province.

The meeting disclosed that these educated farmers have played an important role in leading their fellow-villagers to boost the local economy, and develop advanced socialist culture and ethics.

According to Guo Fuchang, an official of the State Education Commission, the elimination of illiteracy and the development of adult education in rural areas are not balanced.

He called on localities to continue their efforts to wipe out illiteracy by the end of this century, while popularizing practical agricultural techniques in the countryside.

Article Views Hu Qiaomu Ties With Intellectuals

HK2811140094 Beijing RENMIN RIBAO in Chinese
30 Oct 94 p 5

[Article by Gu Yu (6253 5038): "Hu Qiaomu and Intellectuals"]

[FBIS Translated Text] Qiaomu never cast off his qualities as an intellectual. He was a true revolutionary intellectual; he understood, showed concern for, and was protective toward intellectuals, and always made a point of encouraging their strengths. In the meantime, he set strict demands on them, was not indulgent toward their shortcomings, and treated them as he treated himself.

Before going to Yanan, Qiaomu was secretary of the Chinese Left-Wing Cultural Confederation in Shanghai,

and he acquainted himself with some cultural workers in Shanghai at that time. After arriving in Yanan, the nature of his work and his love for culture and academic studies motivated him to constantly seek opportunities to communicate with intellectuals at various levels. In 1941, in particular, after starting to work at Chairman Mao's side, Qiaomu obtained a greater understanding of the party's theory and policy on intellectuals, which laid a sound foundation for his grasping and conducting propaganda on the party's theory on intellectuals and later for implementing the party's policy toward intellectuals.

Qiaomu sat through the Yanan Forum on Literature and Art in May 1942. At the age of 30, he was in the prime of his life. He listened attentively to Chairman Mao's speeches at the opening and closing of the forum, and he bore every detail in mind. For his speeches, Chairman Mao had only an outline script, which later was given to Qiaomu for him to compile into a full text. By working at Chairman Mao's side, Qiaomu had managed to gain quite a profound understanding of his thinking, which enabled him to turn the expanded text into a rather complete, accurate, and rounded representation of Chairman Mao's ideas about the orientation of literature and art toward the workers, peasants, and soldiers, and about the need for literary and art workers to study Marxism-Leninism, study socialism, plunge into the fiery struggles of life, integrate themselves with workers-peasants-soldiers, and change their standpoint and world outlook through practice. Chairman Mao was very satisfied with Qiaomu's work, and revised it himself. It was published in full in Yanan's JIEFANG RIBAO on 19 October of the following year, the seventh anniversary of Lu Xun's death. At that time, a notice issued by the CPC Central Committee and circulated within the party, dubbed the "Speech at the Yanan Forum on Literature and Art" "a textbook written by Comrade Mao Zedong in simple language which has made Marxism-Leninism Chinese," and listed it as required reading in the party conduct rectification movement in Yanan. For many years, however, Qiaomu never mentioned that he had helped compile the "Speech." Throughout his life, Qiaomu adhered to the orientation specified in the "Speech" and acted accordingly, but he also was soberly aware that the "Speech" had been the product of a given set of historical circumstances, and that certain formulations should be changed to keep up with the advances of the times and the development of the circumstances. At the Fourth National Representative Conference of Literary and Art Workers in 1979, he supported the "two-serving" (serving the people and serving socialism) principle put forward by Comrade Xiaoping in his congratulatory address. At the CPC Central Committee's 1981 forum on problems in the ideological front, Qiaomu recommended amendments to some outdated or incorrect formulations in the "Speech" which were well accepted by the literary and art circles, and by the ideological and theoretical circles.

In the first few years after the founding of New China, our country was faced with a series of major tasks for restoring the economy and accomplishing the socialist transformation process. At that time, Qiaomu also had a heavy workload. Besides continuing as political secretary to Chairman Mao, he also took up such positions as director of the General Office of Information, deputy head of the Propaganda Department of the CPC Central Committee, chairman of RENMIN RIBAO office, and director of the XINHUA NEWS AGENCY. He started to take independent charge of the work of some departments. In his work, Qiaomu made a strong point of giving play to the role of intellectuals, and paid attention to adjusting and improving the policy toward intellectuals.

What impressed me most was when he was drafting a report for Premier Zhou to deliver at the "Conference on Issues Concerning Intellectuals" in 1956. With the changes in the circumstances of construction in China, there had been new developments in the party's policy toward intellectuals. In the early 1950's, intellectuals had gone through much tempering and had made major progress. How to further mobilize the initiative of intellectuals and to give full play to their role in socialist construction under the new circumstances became a question of concern to the central leading comrades. The center put forward the slogan of "marching toward science," and decided to convene a meeting on issues related to intellectuals in early 1956. In preparation for the meeting, the center specially set up a "10-member team on intellectual-related issues." Entrusted by Premier Zhou Enlai, Qiaomu was to draft his report for the conference. That was around the second half of 1955.

Around the time Qiaomu accepted this task, he was in an especially good mood, and he plunged into research on this issue body and soul. On earlier occasions, when Qiaomu was helping draft relevant central documents, some of Premier Zhou's ideas and viewpoints on the issue of intellectuals had inspired Qiaomu. On this issue, he shared much of Premier Zhou's opinion. Before that, the center had organized a series of investigations and studies on the issue of intellectuals, and had collected a large amount of data of all kinds. Qiaomu laid the important data and documents on a long table at home and looked through them carefully before starting to draft the document. He bent over his desk, working day and night. Often I awoke to find his desk lamp still lit... "The light in my heart meets the lamp on the desk"—a line from his poetry—best describes how he worked. In November, after an intense period of over two months, the draft began to take shape. During this time, Premier Zhou often asked Qiaomu to come to see him to discuss issues encountered in the drafting.

The draft report was ready after New Year's Day of 1956. Premier Zhou often summoned Qiaomu, the comrades in charge of some other departments, and the comrades from the "10-member team" to deliberate on the draft time and time again. The most important issue under discussion then was the definition of the class

nature of intellectuals. I remember that early one morning, just before the official opening of the conference, Qiaomu came home from a night-long discussion with Premier Zhou. Delighted, he said to me: "The premier's opinion on the class nature of intellectuals was adopted!" I knew that according to Premier Zhou's instruction, Qiaomu had included in the draft report the idea that the overwhelming majority of the intellectuals in China "have become part of the working class." This was a major change. For many years, especially in the first few years following the founding of New China, intellectuals had always been regarded as the fur on the skin of the exploiting class. In effect, the new formulation in the report removed the label of "exploiting class" from intellectuals, and was to have profound and far-reaching significance and impact. It was under that atmosphere of strengthened scientific and technological work that I myself was transferred to the Chinese Academy of Sciences [CAS]. I still remember that after the conference on intellectual-related issues in early 1956, the atmosphere in the CAS was especially good. The scientists had ease of mind and felt inspired with enthusiasm, and the CAS was ever more magnetic. Furthermore, a large number of intellectuals returned from abroad one after another, and they plunged into the socialist construction of their motherland. All this laid a solid foundation for the comprehensive development of China's science and technology, and for the successful research on the "two bombs [the atomic bomb and the hydrogen bomb] and one star [satellite]."

Later, owing to the interference of the "leftist" mistakes, there was some wavering, and some ups and downs in the understanding of intellectuals. Qiaomu, however, was never shaken in his belief that Chinese intellectuals had become "part of the Chinese working class" after the socialist transformation had basically been completed. In 1975, Qiaomu was rehabilitated and was put in main charge of the Political Research Office of the State Council. In July, as soon as he took over the philosophical and social science department, he sent back the workers' propaganda team and the People's Liberation Army propaganda team, and summoned researchers who had been working in factories and rural areas, thereby restoring academic operations that had been suspended for a long time. In August, e trusted by Comrade Deng Xiaoping, he conducted the amendment to the "Outline Report on the Work of the CAS." In the amendment, Qiaomu first affirmed the achievements that had been scored over the "26 years" since the founding of New China, and made clear his attitude of negation toward the "assessment" that for "17 years" bourgeois dictatorship over us had been in place on the educational front and on the scientific and technological front. Specifying that "conscientiously implementing the party's policy toward intellectuals" should be an important part of the rectification movement, he clearly pointed out: "All units, on the basis of in-depth study, should conduct a comprehensive inspection of how well they have implemented the policy toward intellectuals; take appropriate

measures to fully mobilize the enthusiasm of the broad ranks of intellectuals in socialism; and bring into full play the expertise of scientific and technological workers, create necessary conditions for their involvement in scientific practice and improving scientific standards, ensure they have enough time for their work, and show concern for their daily lives." However, in the so-called "counterattack on the right-leaning reversal of verdicts," this "outline report" amended under the leadership of Qiaomu, the "20-Article Industrial Policy" amended under his leadership, and the "General Guideline for Various Aspects of Work of the Whole Party and the Whole Country" drafted by Comrade Deng Liqun under Qiaomu's instruction, were condemned by the "gang of four" as "three big poisonous weeds."

After the "gang of four" had been smashed, Qiaomu expended all his energies within the scope of his responsibilities to help reinstitute and reformulate the party's policy toward intellectuals. In August 1977, Comrade Deng Xiaoping pointed out: The educational front and the scientific and technological front predominantly followed a red line in the 17 years following the founding of New China, and that the overwhelming majority of our intellectuals are workers. In September, at a meeting with the chief leaders of the Ministry of Education, he once again pointed out: The "two assessments" were not in line with reality. According to this idea, the Ministry of Education drafted "A Great Debate on the Educational Front—Refuting the 'Two Assessments' Concocted by the 'Gang of Four.'" Qiaomu amended this important article many times. The article affirmed that "the 17 years were dominated by a red line," and that "intellectuals are a revolutionary force," representing the first rectification of the fundamental guiding ideology regarding the definition of intellectuals' class nature.

In the meantime, Qiaomu also made a point of actively implementing the party's policy toward intellectuals in practical work. At that time, many intellectuals from around the country wrote petition letters to the CPC Central Committee, and many—from ordinary intellectuals with no established renown, to highly celebrated cultural personalities—also wrote to Qiaomu personally. Though he had had no personal relations with most of them, or even had never known them before, Qiaomu always enthusiastically looked into the problems they reported and did his best to help solve them. At that time, he was almost 70 years old, but gave no regard to his age and carried on worrying and running around to help many people solve their problems with work and daily life.

Throughout his life, Qiaomu never stopped working selflessly. He worked diligently and indefatigably with his pen, and constantly tried to improve his work. He did all the party wanted of him in every sense, and could always do it well.

Never in his life did Qiaoma put down his pen. He drafted large numbers of documents, reports, speeches,

and instructions for the Central Committee and the central leading comrades. He even wrote some ordinary scripts, such as congratulatory messages, messages of condolence, and circulars. He was in charge of the party's theoretical and propaganda work for a long time, and he wrote many theoretical articles and news commentaries. When Qiaomu was critically ill, Comrade Chen Yun conveyed to him via his secretary three comments: Qiaomu did a great deal of work for Chairman Mao, for the party central committee and the central leading comrades, and for the Central Discipline Inspection Commission. These three comments are an affirmation of his life of painstaking work.

I remember in July 1983, Qiaomu wrote a poem under the title "Wheelbarrow" [xiao che 1420 6508], in which he praised the deeds of a rural cadre named Yang Shuicai [2799 3055 2088]. Yang Shuicai's well-known saying "Push the wheelbarrow as long as it stands" was repeated in the poem. Qiaomu wrote: "Push the wheelbarrow as long as it stands/A long journey does no harm other than soiling us with dust"; "Push the wheelbarrow as long as it stands/Pick it up if it falls, and move ahead on the double/It matters not if it lies down forever/As the rolling Chang Jiang surges ever ahead, wave upon wave." These simple and earthy lines, I think, are a portrayal of Qiaomu's life.

Paper Runs Yang Shangkun Preface to Zhou Enlai Book

HK2911094094 Beijing RENMIN RIBAO in Chinese
27 Nov 94 p 5

[By Yang Shangkun: "Preface to Forty Years in Wind and Rain"]

[FBIS Translated Text] Comrade Tong Xiaopeng asked me to write a preface to his book, *Forty Years in Wind and Rain*, which is mainly his reminiscences about Comrade Zhou Enlai.

Zhou Enlai was a world-renowned proletarian revolutionary, one of the outstanding CPC leaders of the first generation. He never wanted others to praise his contributions. During the illness before his death, he made his testament that his ashes should be spread over the motherland's territory and that no monument should be erected to his memory. Anyway, he has long been esteemed as a model by the people because of the revolutionary spirit he displayed in courageously fighting for the liberation of the Chinese nation and the progressive cause of mankind, the lofty integrity he demonstrated in wholeheartedly serving the people until the end of his life, and his fine style of proceeding in everything from reality and seeking truth from facts. Therefore, whenever a biography, article, or literary work about Zhou Enlai is published it is always warmly welcomed and becomes popular among the vast number of readers without exception. By the same token, it is a glorious task for our party history researchers, writers, and artists to represent, in different artistic forms and

from different angles, the revolutionary traditions and fine work style left over by Zhou Enlai and the other proletarian revolutionaries of the older generation so that we people who are striving to build socialist material and spiritual civilization can learn from them. So what Tong Xiaopeng is doing is a task of great significance.

Tong Xiaopeng worked for a long time under Zhou Enlai's direct leadership. Only a few days after the Xian Incident in December 1936, he followed Zhou Enlai to work in Xian, and later he worked with the office of the Eighth Route Army, the party's Chang Jiang bureau, and the South China bureau in Nanjing, Wuhan, and Chongqing. In 1946, he again followed a CPC delegation headed by Zhou Enlai to work in Nanjing until 7 March 1947, when he was called back to Yanan together with the last group, which included Dong Biwu, to retreat from Nanjing. During the Liberation War, Zhou Enlai assisted Mao Zedong in directing the nationwide liberation war on the one hand and, on the other, conducted the underground party organizations' fight in the second battlefield behind enemy lines. In this connection, the CPC central authorities set up a central urban work department, with Zhou Enlai as chief and Li Weihan as deputy chief. This urban work department, led by Li Weihan, later moved to near Sanjiao in Linxian County, Shanxi Province, together with the head office, headed by Ye Jianying and I, of the committee in charge of the work behind enemy lines under the CPC Central Committee. Tong Xiaopeng was appointed chief of the secretariat of the urban work department in charge of secret communications with underground party organizations in areas under Kuomintang [KMT] control. In October 1948, the central urban work department was reorganized to become the CPC Central Committee's United Front Work Department, and Tong Xiaopeng was appointed deputy secretary general and secretary general successively. In 1958 he was transferred to the State Council to take up the post of deputy secretary general and concurrently head of the premier's office, which he held until June 1966 when the "Great Cultural Revolution" began and he was transferred to the general office of the CPC Central Committee. Tong Xiaopeng could not escape the catastrophe of the "Cultural Revolution" either. He was labelled a "capitalist roader," isolated for security screening, and sent to do manual labor at the grass-roots level under supervision. He did not return to work with the United Front Work Department of the CPC Central Committee until 1973. By that time, Zhou Enlai had contracted an incurable disease, but he was still concerned about united front work and continued to give advice until he could no longer work but stayed on his deathbed.

Tong Xiaopeng had worked under Zhou Enlai's leadership for nearly 40 years. Many old comrades expected him to write as soon as possible on what he knew about Zhou Enlai. Back in 1984, he drew up a writing plan for the book "Forty Years in Wind and Rain," and Comrade Chen Yun wrote the title of the book for him in his own handwriting. Tong Xiaopeng sought my advice on

writing the book. I fully endorsed his idea and agreed to write a preface for his book. However, over the past few years he has been busy gathering and publishing historical materials about the operation of our party's Chang Jiang bureau, South China bureau, and Nanjing bureau in KMT-controlled areas during the Anti-Japanese War. Meanwhile, he also published a photo album entitled "The Footprint of History." So he was too busy to start writing the book. Now that he has finished all of the above-mentioned work, he can finally make up his mind to settle down in his home province, Fujian, to accomplish this task. This is a great idea. He plans to provide some valuable photos, which he took himself in the past on the scene, to illustrate the narrative of the book in accordance with the contents. Therefore, this book will have vivid descriptions as well as interesting illustrations. The publication of this book, I think, will certainly be very well received among readers, will enable them to assimilate spiritual nourishment, and will inspire them to act to accomplish their revolutionary predecessors' unfinished undertakings and to strive hard to build socialism with Chinese characteristics! (This preface was written by Comrade Yang Shangkun in November 1991 for the book *Forty Years in Wind and Rain*, which is published by the Central Document Publishing House.)

Song Renqiong's Memoirs Highlighted

OW2911222394 Beijing XINHUA Domestic Service in Chinese 0530 GMT 25 Nov 94

[FBIS Translated Text] Beijing, 25 Nov (XINHUA)—In his memoirs, Song Renqiong described his 40-years of experiences from receiving preliminary revolutionary education and following the revolutionary road to the eve of the "Great Cultural Revolution." The book has over 300,000 words in a total of 17 chapters. Song Renqiong recalled many major issues organized or implemented by him in chapters including "In the General Cadres' Department," "Working Hard at the Second Machine Building Ministry," and "In the CPC Central Committee Northeastern Bureau." In his memoirs, he noted: Since the establishment of the CPC 70 years ago, the road we have followed was crooked. We enjoyed successes and drew lessons from failures. The achievements we scored were great, magnificent, and attracted world attention. Nevertheless, the mistakes we made were quite serious and our undertakings suffered from these mistakes. We, senior comrades who joined the party earlier than others, shoulder the responsibility to faithfully write down the major experiences from the past.

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HK2911141994 Beijing RENMIN RIBAO in Chinese 28 Nov 94 p 5

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Science & Technology

New Communications Satellite 'Successfully Launched'

OW3011014994 Beijing Central People's Radio Network in Mandarin 2230 GMT 29 Nov 94

[From the "News and Press Review" program]

[FBIS Translated Text] The No. 3 Dongfanghong communications satellite, newly developed by our country, was successfully launched on the new Long March 3-A carrier rocket at the Xichang Satellite Launch Center before dawn today [30 November]. The satellite is now working normally after having entered a geosynchronous transfer orbit.

The No. 3 Dongfanghong satellite is the 37th satellite developed and successfully launched by our country. It is a new generation of broadcasting and communications

satellite with practical applications developed by the Chinese Air Force Technology Research Institute. It carries 24 C-band transponders and has a designed service life of eight years. Compared to the No. 2 Dongfanghong currently in orbit, the number of transponders has increased fivefold, and the service life is twice as long. The No. 3 Dongfanghong satellite's communications capacity is equivalent to the combined capacity of 12 satellites of the previous generation.

The Long March 3-A carrier rocket used to launch the satellite is a new generation of carrier rocket in our country. Among the rockets used by our country to place satellites in high orbits, it has the largest carrying capacity, involves the most difficult technologies, employs the largest number of new technologies, and possesses the best functions. With a takeoff thrust of 300 tonnes, it can place a 2.6-tonne payload in a geosynchronous transfer orbit. At the same time, it can also handle launches of satellites into other orbits, including two or more satellites on a single rocket. Only a small number of countries have mastered the many new technologies used in this new rocket. The launch marks a new stage in our country's rocket technology.

In the near future, the No. 3 Dongfanghong satellite will have to complete more than 100 aerial maneuvers, including unfolding its solar panels, carrying out multiple engine firings at apogee, and adjusting and fixing its position before moving into a final position. The satellite will begin normal broadcasting and communications services after moving into its final position above the equator 125 degrees east longitude.

Listeners, you will hear detailed explanations by relevant experts at the launch site regarding the satellite and carrier rocket during the "News in Length and Breadth" at 0700 [2300 GMT] this morning and 1900 [1100 GMT] this afternoon.

Further on Launch

*OW3011015794 Beijing XINHUA in English 0137
GMT 30 Nov 94*

[FBIS Transcribed Text] Xichang, November 30 (XINHUA)—China successfully launched a new telecommunications satellite from southwest China's Xichang launch site at 1:02 [1702 GMT] hours Beijing time this morning.

The satellite was put into synchronous orbit 24 minutes after the lift-off, according to reports reaching here from the Xian satellite control center.

The perigee of the satellite orbit is 205.8 km and its apogee is 36,220 km, satellite experts say.

Experts say that the satellite will take several days to eventually settle in the orbit at 125 degrees east longitude after finishing a series of technical procedures including several remote ignitions of the engines.

The satellite, named "Dongfanghong No. 3", was launched by a "Long-March 3A" carrier rocket, which was developed earlier this year by the China Institute of Carrier Rocket Technology for launching China's new-type communications satellites.

The "Long-March 3A" rocket, which was patterned after the "Long-March 3", is capable of launching a 2.6-ton satellite. It also successfully launched a scientific satellite and a simulated satellite into space on February 8 this year.

With a weight of 2.232 tons, the "Dongfanghong No. 3" satellite was developed by the China Research Institute of Space Technology and is equipped with 24 C-band transponders. It has a designed life span of eight years and is capable of transmitting signals of six color TV wavelengths (or transmitting simultaneously six different color TV programs) and handling 8,000 telephone calls at one time.

It is the 37th Chinese-manufactured satellite the country has successfully launched. Nine of the 37 successful launch events have been from the Xichang satellite launch site.

Satellite Ground Station Opened in Guangzhou

*OW2811140894 Beijing XINHUA in English 1246
GMT 28 Nov 94*

[FBIS Transcribed Text] Guangzhou, November 28 (XINHUA)—An international satellite ground station was put into use today in this capital city of south China's Guangdong Province. The station is the third of its kind in China, following Beijing and Shanghai in the international telecommunications business.

With an international satellite relaying signals at 177 degrees east longitude over the Pacific Ocean, the station will be able to include five southern Chinese provinces and autonomous regions in the domestic and international direct dialing networks.

The project started in August 1993, and became part of the international satellite telecommunication network. The main antenna was produced in China while some other equipment was bought in from the United States, Canada and Switzerland. The ground station will be able to provide 1320 international telecommunication lines as well as sending and receiving international satellite TV programs.

Povincial goverment sources said that by the year 2000, the province plans to build another four international satellite stations in a bid to further upgrade its global communications capacity. Meanwhile, the province has been making effors to promote the development of domestic and local satellite communications, so that remote or secluded paces will find it easier to be in touch with the outside world.

China To Carry Out D-Checks of Boeing 747 Aircraft

OW2911155994 Beijing XINHUA in English 1519
GMT 29 Nov 94

[FBIS Transcribed Text] Beijing, November 29 (XINHUA)—China has successfully completed its first D-check, the highest level of overhaul conducted on a Boeing-747, a senior Chinese aviation official declared here today.

The five-hour test flight showed that all technical measurements complied with standards.

The successful examination is a milestone in China's civil aviation history and it shows that China is now able to repair the world's most advanced aircraft, said Shen Yuankang, deputy-director of the Civil Aviation Administration of China.

The maintenance check was begun on September 12 by China's largest aircraft maintenance enterprise: Ameco-Beijing, a joint venture between Air China and Lufthansa of Germany.

It covered the structural maintenance, a repair of the landing gear, renewal of the cabins and the installation of a satellite communication system on the aircraft, which had gone through more than 25,000 flying hours and about 5,800 landings and take-offs.

In the past, China had to send Boeing-747 aircraft overseas for the D-check.

Since 1980, Air China has purchased 15 Boeing-747s which, experts say, have reached the point of needing the D-check.

Guangdong Opens Project To Produce Color Kinescope

OW3011120094 Beijing XINHUA in English 0842
GMT 30 Nov 94

[FBIS Transcribed Text] Guangdong, November 30 (XINHUA)—A major project to produce color kinescopes has opened in this capital of south China's Guangdong Province.

The province has introduced equipment and technology from the Hitachi and Sanyo companies of Japan. It has a designed production capacity of 1.5 million pieces and 1.545 million deflection yokes.

Construction began in July 1991, and the project was put into trial production two years later. By November this year, altogether 1.19 million tubes had been made, with a total sales income of 950 million yuan.

The factory is the eighth of its kind in China and the first one to be funded by loans rather than government investment. By July this year total investment to the project had reached 1.84 billion yuan.

Economic & Agricultural

Zhu Rongji Inspects Shanghai 10-20 Nov

OW2911074794 Beijing XINHUA Domestic Service in Chinese 0928 GMT 20 Nov 94

[By reporter Chen Maodi (7115 3029 1717)]

[FBIS Translated Text] Shanghai, 20 Nov (XINHUA)—Zhu Rongji, member of the CPC Central Committee Political Bureau Standing Committee and vice premier of the State Council, inspected Shanghai from 10 November to 20 November. During the inspection, he pointed out: Crucial progress has been made in macroeconomic restructuring this year. We should continue to fine-tune and deepen macroeconomic reform and to strengthen and improve macroeconomic regulation and control next year. At the same time, we should put the emphasis of reform on improving large and medium state-owned enterprises and on establishing a modern enterprise system.

Zhu Rongji inspected the Jinqiao export processing zone and the Waigaoqiao bonded area in the New Pudong District, and enthusiastically ascended the Dongfang Mingzhu television tower and had a birds-eye view of Shanghai up there. He was accompanied on the inspection by Huang Ju, member of the CPC Central Committee Political Bureau, secretary of the Shanghai Municipal CPC Committee and major of Shanghai, and Xu Kuangdi, deputy secretary of the Shanghai Municipal CPC Committee and vice mayor of Shanghai. Zhu Rongji fully affirmed Shanghai's achievements in implementing Comrade Deng Xiaoping's instructions on "making improvement within a year and great progress in three years." He said: The Shanghai Municipal CPC Committee and municipal government are working very effectively under the correct leadership of the Party Central Committee with Comrade Jiang Zemin at its core. Shanghai has made very rapid progress in urban infrastructural construction and in readjustment of industrial structure, and it has maintained a good trend of development in all respects.

Zhu Rongji's Shanghai inspection was mainly targeted at the reform of large and medium state-owned enterprises. He held a discussion meeting attended by plant directors and managers of more than a dozen state-owned enterprises. He visited the Shanghai Yichang Flat Sheet Company, Ltd., an iron and steel enterprise suffering difficulties; investigated its situation; and seriously listened to the opinions and suggestions put forward by some plant directors and workers on how to invigorate state-owned enterprises. Zhu Rongji pointed out: Shanghai is a city with the largest concentration of state-owned enterprises, and state-owned enterprises in Shanghai are playing a decisive role both in Shanghai's economic construction and in China's economic construction as a whole. At present, state-owned enterprises are having various difficulties. However, their situation will surely improve if their operational mechanisms are

changed and a modern enterprise system is established. Shanghai's further development henceforth is decided to a great extent by whether state-owned enterprises can give play to their potential. Only when the state-owned enterprises are run well, will Shanghai's development have a solid, sound foundation.

Zhu Rongji said: Comrade Jiang Zemin pointed out recently that in improving large and medium state-owned enterprises, "the key lies in separating government functions from enterprise management, improving the internal operating mechanisms of enterprises, gradually establishing a social security system, and striving to make breakthroughs in changing the operating mechanisms of state-owned enterprises, establishing a modern enterprise system, and enhancing the vigor of state-owned enterprises. Shanghai has done a good job in seriously implementing the "Regulations on Changing Operating Mechanisms," giving greater decision-making power to enterprises, and improving the mutual-assistance pension and unemployment insurance practice. In the past, state-owned enterprises in Shanghai have made outstanding contributions to the national economy. Now, some of them are shouldering heavy burdens left over from the past; this is a common difficulty existing in old industrial cities. For instance, the products of the Shanghai Corduroy Plant used to be very popular both at home and abroad, and in the last 40 years and more, the plant has turned over to the state more than 700 million yuan in tax payments and profit delivery, which equals several thousand percent of the state investment in the plant. The 65-year-old plant now has problems such as outmoded technology and equipment and reduced market share and decreased output in the face of competition with joint ventures, cooperative enterprises, and wholly foreign-owned enterprises, as well as village and town enterprises, which enjoy preferential policies. While about one half of its work force has become surplus due to a lack of work, the plant has to provide pensions for its retired workers, which number 1.3 times the present work force. The plant is in a very difficult situation and losses are inevitable. However, it has done its best and assumed a serious, responsible attitude to find jobs for its surplus personnel, and it has created a great deal of good experience in this regard. At the same time, it is making progress and regaining vitality.

Zhu Rongji emphasized: Shanghai is the cradle of Chinese industrial workers, and it enjoys a special advantage—namely, the fine traditions of the working class people here. The working class people in Shanghai have a high sense of responsibility, sense of identity, and profound group feelings toward their enterprises, and these are the most fundamental favorable conditions for improving state-owned enterprises. Enterprises' surplus workers are not a burden. They are a precious social wealth, as well as a manpower resource indispensable to readjustment of the industrial structure and to improvement of the market system. Zhu Rongji called on state-owned enterprises to step up readjustment of their

product mix during the course of deepening reform, and at the same time, to readjust labor force allocation, make great efforts to create new jobs, and properly resettle surplus personnel through training for new job skills. Surplus personnel should be encouraged to find jobs in commerce and service trade sectors. Support should be given to enterprises that enter into joint operation or merger according to law. In short, Shanghai should and can provide some experience of success in improving state-owned enterprises. Any success achieved by Shanghai in invigorating state-owned enterprises will be the most convincing example for the entire country to follow. Shanghai's prospects for deepening the reform of state-owned enterprises are very good, and it should be full of confidence.

Zhu Rongji conducted an investigation and study of the Shanghai Yichang Flat Sheet Company, Ltd. The company's flat cold-rolled sheet production line was a key project in Shanghai's efforts to readjust industrial structure and develop production of raw and processing materials that are in short supply. The project met the planned target of "completion within two years, actual investment kept below initial estimates, quality of products up to international standards, and costs lower than import products." Zhu Rongji praised the success as "Shanghai speed" created by Shanghai's working class. Recently, the company has suffered losses due to much higher production costs as a result of higher import duties for raw materials, foreign exchange rate changes, and market competition with both legitimate and illegitimate rolled steel importers. Zhu Rongji urged Yichang Company to display self-reliance, develop intensive processing, constantly improve product quality, lower costs and consumption, exercise strict control of wage expenditure, in particular, and produce products of superior quality at reasonable prices to compete with others at home and abroad.

Zhu Rongji said: The state has begun a series of major reform and macroeconomic regulation and control measures and created a good macroeconomic environment for invigorating state-owned enterprises. However, only when state-owned enterprises have indeed changed their operating mechanisms, can we create a genuine market, accomplish macroeconomic restructuring, and achieve desired results in macroeconomic regulation and control.

Vice Premier Zhu Rongji was accompanied on the inspection tour by comrades from relevant ministries and commissions of the State Council. They included Xi Dehua, Guo Shuyan, Xu Penghang, Li Yanling, Dai Xianglong, and Xiang Huacheng.

State Council Official Views Opening Up

*OW3011015394 Shanghai JIEFANG RIBAO in Chinese
14 Nov 94 pp 1-2*

[By reporter Di Jianrong (3695 1696 2837): "Format, Cultural Strength, and Human Resources in Opening

Up—An Interview With Hu Ping, State Council Special Economic Zone Office Director”]

[FBIS Translated Text] Hu Ping, director of the State Council Special Economic Zone [SEZ] Office, made a special trip to Shanghai recently to attend the seventh coordination meeting of party newspapers in coastal open cities and SEZ's where he expressed his personal views to this reporter on questions on the current situation of opening up to the outside world, media guidance, and further development.

New Nationwide Situation Opening Up to the Outside World

Director Hu Ping said: Since the establishment of SEZ's and the adoption of the coastal development strategy 15 years ago, an all-round opening up pattern covering the coastal areas, the Chang Jiang delta, the frontiers, and the interior has now taken shape. Except for some individual cases, coastal cities from the south to the north have made themselves open areas, like a string of dazzlingly brilliant pearls that adds splendor to great China. Going upstream from Shanghai in the east right up to Chongqing in the west, a host of open cities have been established in provinces and municipalities along the Chang Jiang. The head, body, and tail of the dragon of the Chang Jiang have started moving. On the frontiers, Heilongjiang and Inner Mongolia in the north, Xinjiang in the west, and Yunnan and Guangxi in the south have already opened up. A score of important interior cities, cities along main communications lines, and provincial capitals have joined the ranks of open cities. Currently, more than 360 counties and cities throughout the country have opened themselves to the outside world, covering over 500,000 square km or 5 percent of total state land; over 300 million people; and over 80 percent of the nation's gross national product, revenues, and export-generated foreign exchange. Their powerful economic strength and potential have made them a focus of attention, both internationally and domestically. In addition, hundreds of development zones at state and provincial levels have been set up in recent years. Currently, the situation of opening up to the outside is developing further. All these have fully proved the correctness and great power of Comrade Xiaoping's thinking on opening up to the outside world.

Two-Way Advancement and “Sino-Sino-Foreign” Opening Up Format

Hu Ping told this reporter: China will not be satisfied with what has been achieved in reform and opening up, which require a constant push. Besides, there are many new issues to be studied. For one, the two-way opening up to the outside world is an important issue under which it is not only foreigners that are allowed to do business in China, but Chinese should also do business in foreign countries; and that not only Chinese products should enter the international market, but also its capital and technologies to secure a share in the international market. It is particularly so in such resource-based

commodities as sugar, timber, and paper pulp, in which China has experienced long-term shortages. Producing them through China's own investment in foreign countries will be more profitable. Doing so meets the needs of both China and foreigners, particularly developing countries. Judging from this point, “open economy” [kai fang xing jing ji 7030 2397 0992 4842 3444] may be a better term than “export-oriented economy” [wai xiang xing jing ji 1120 0686 0992 4842 3444].

Hu Ping said: How the central and western regions join the opening ranks is a question requiring deep study. Due to various factors, including geographical and economic, these regions have been comparatively slow in opening up. The development concept of “Sino-Sino-foreign”—as advocated by some people and as being practiced currently—is aimed at spurring the opening up of the central and western regions through cooperation between enterprises and groups in the coastal areas already in cooperation with foreign investment and their counterparts in the central and western regions, thus giving motion to the dragon's head and tail. This, after all, may be feasible.

We Should Correctly Guide Public Opinion

Commenting on ways to publicize SEZ's and open cities, Hu Ping said: SEZ's will undoubtedly be operating for a long time and will accomplish more glories under new conditions. However, we do not intend to formulate more preferential policies. We should further improve mechanisms, promote existing advantages, strive to link up with international markets, and make efforts to integrate with the development and opening up in central and western China. A free port with special tariff-preference zones, Hong Kong, was established under specific historic conditions. Another such free port will not occur. However, it is not only probable but also necessary for certain localities with the right conditions to implement certain free-port policies. He said: We should be careful in applying the term of a major international city or metropolis that embodies profound intrinsic standards. China does not have many such cities. If we begin counting, Shanghai should be included. We should be level-headed and refrain from rushing headlong into mass actions when publicizing China's development zones.

We Should Integrate China's Fine Traditional Culture With Foreign Progressive Culture

Hu Ping held: A city's prerequisite for opening up to the outside world is that it should coordinate its social and cultural development with its economic progress. We should understand that a city's educational system contents and levels determine how far it will open up economically to the outside world, and that educational programs are needed to improve a city's functions. He said: To open up, China must have powerful spiritual support. We should pay special attention to integrating China's fine traditional culture with Western progressive

culture. When viewed from a Marxist viewpoint, economic progress cannot be separated from culture, which can be a pillar and propelling force for economic progress. Cultural strength can transform into a productive force, and after industrialization, cultural strength itself is a productive force. Naturally, culture in this context means more than culture in a narrow sense that only includes music, dance, and drama. We are referring to culture in a broad sense that also includes an outlook on life and value systems. Only by organically integrating China's fine traditional and socialist culture formed by decades of socialist construction with Western progressive culture and developing socialist culture with Chinese characteristics can society continually progress and social progress move along the right track. I believe socialism with Chinese characteristics should not only embody state ownership and the socialist market economy, it should also include another important feature, that is, socialist culture with Chinese characteristics.

We Should Cultivate a Contingent of New Entrepreneurs

Hu Ping said: To fulfill the requirements for establishing a modern enterprise system, China must cultivate a large number of modern entrepreneurs. Various entrepreneurs should lead state enterprises, three types of foreign-funded enterprises, and private enterprises. When viewed from a market economy, government must be separate from enterprises. Entrepreneurs themselves should be in charge, manage enterprise operations, learn to raise asset value in market activities, and develop the enterprises. The party and government exercise their leadership over enterprises by providing guiding laws and policies, and by developing a large number of modern entrepreneurs who will properly manage enterprises. Communist party members who are keen to become entrepreneurs should participate in government and political affairs and involve themselves in the market economy. They should learn to handle transactions in the market economy. It will not be all right if we only have a small number of this type of entrepreneurs. We need to have several hundred thousand, and even more. They should be both business-minded and highly educated. Perhaps we can list the following as their rational objectives: extremely rich, very famous, and highly ethical. Consequently, their enterprises will be so rich that the value of their assets can be comparable to that of a country. These rich entrepreneurs, who will be as good as and can compete with international business giants, will be admired by foreign government figures. These entrepreneurs will be very famous across China for centuries. They will be highly ethical, giving top priority to social benefits and regarding private gains as secondary.

Bank of China Official on Increase in Money Supply

*OW2911163794 Beijing XINHUA in English 1559
GMT 29 Nov 94*

[FBIS Transcribed Text] Beijing, November 29 (XINHUA)—China is to control the increase in the money supply by some 20 percent to 25 percent in the near future, according to a senior bank official.

In the January-September period this year the money supply increased by 32 percent, said Dai Xianglong, deputy governor of the People's Bank of China, in an article on today's PEOPLE'S DAILY [RENMIN RIBAO].

He said that the figure is expected to drop to 28 percent at the end of this year.

Undue increase in the money supply and serious inflation are the two major problems in China's economic development, he said, noting that commodity retail prices rose by 25.2 percent in October.

Statistics show that short-term money, including the currency in circulation, enterprises' current deposits, rural deposits, deposits by government organs, institutions and units of the armed forces, and personal credit cards, amounts to 1,900 billion yuan, an increase of 32.5 percent over the same period of last year.

Dai said the expansion of the money supply resulted not only from the rational increase of money supply for raising prices of primary products but also from excessive investment in fixed assets and hikes in consumption funds.

Other factors, including the sharp rise in foreign exchange possessed by the central bank and excessive governmental expenditure, also contributed to the increase in the money supply, he added.

Dai stressed that various measures should be adopted to control the increase in the money supply in a bid to create a favorable environment to curb inflation in the remaining months of this year.

He urged the central bank to stabilize the currency by using more measures related to bank deposits, interest rates and the open market.

More loans will be given to state-owned enterprises to promote technological upgrading, he said.

Enterprises up to their necks in debt and with no hope of recovery will be declared bankrupt or merged with other enterprises, Dai added.

Chen Junsheng on Importance of Farm Jobs

OW3011075294 Beijing XINHUA Domestic Service in Chinese 1112 GMT 22 Nov 94

[By reporter Wang Yanbin (3769 6956 1755)]

[FBIS Translated Text] Beijing, 22 Nov (XINHUA)—With the State Council's approval, the Ministry of Agriculture today convened a national teleconference on "three winter agricultural jobs" to mobilize all localities to pay closer attention to winter agricultural production and to whip up a surge in the "three winter agricultural jobs." Vice Minister of Agriculture Liu Chengguo presided over the meeting, and State Councillor Chen Junsheng delivered an important speech.

Chen Junsheng pointed out: The agricultural situation has been fairly good since the beginning of this year. We recorded our second biggest grain harvest, our cotton production has rebounded significantly, the areas sown to oil-bearing crops and the total output of those crops have exceeded past records, the output of sugar crops has been basically maintained at a certain level, and the total amount and variety of our vegetable supply have increased. The output and output value of livestock and aquatic products, as well as goods produced by village and town enterprises, have increased considerably, along with peasants' income in comparison with the last few years. However, this year's grain output is less than last year's. The downward trend in production, in particular, has persisted in some regions that reported lower output last year, producing an unfavorable impact on the balance of total grain supply and demand for this year and next and affecting current prices. Earnest efforts to promote agricultural production, increase the supply of farm products, and ensure market supply are important bases for checking inflation and stabilizing the market. Our primary task at present is to focus on the important winter season, during which we should carry out winter planting, management, and manure collection, in addition to maintaining and repairing farm implements and conducting scientific and technological training sessions to ensure a bumper harvest next year.

Chen Junsheng said: In terms of present and long-term interests, the "three winter agricultural jobs" are very significant: First, they help us fully utilize winter temperatures, light, water, air, soil, and other resources to make up for the loss of arable land to nonagricultural use. The amount of arable land in our country shrinks by several million mu annually, and we have difficulty opening up arable land. In southern China, however, over 100 million mu land with great potential lies idle in the winter. Therefore, full utilization of those pieces of land to plant such crops as grain, oil crops, vegetable, and green manure is an important means of developing and utilizing agricultural resources. Second, they bring agriculture into a new phase by helping to increase areas sown to crops and crop output. Third, they supply a variety of goods for the vegetable baskets of urban and suburban residents, thereby helping to stabilize the market and prices. Fourth, they keep the seasonal labor surplus in rural areas busy instead of idle during the winter. Fifth, they help increase peasants' income; the use of "natural greenhouses" and "solar greenhouses" in southern and northern China to develop the grain, oil-crop, and vegetable sectors is an important means by

which peasants can increase their income during the winter. Sixth, they help capital construction on farmland and increase our capacity for sustained growth. Judging from the present situation, the "three winter agricultural jobs" are of great practical significance in that they help the masses in disaster areas provide for and help themselves by engaging in production, help victims of serious natural calamities ride out the spring famine, and help us strive for summer grain or even year-long bumper agricultural harvests in 1995.

Chen Junsheng made these demands: Localities should put the "three winter agricultural jobs" at the top of their agendas, regarding them as an important link in next year's agricultural production. They should draft specific plans for implementing the "three winter agricultural jobs," and ask each level to perform its job and implement specific measures. Leading comrades in all prefectures and counties should go down to grass-roots units, organize the manpower of all departments, and galvanize the masses into action to accomplish the "three winter agricultural jobs." Agricultural departments at all levels should regard the "three winter agricultural jobs" as their principal assignment and take the initiative in helping local governments accomplish them so as to promote agricultural development. Departments in charge of the chemical industry, supply and marketing, banking, railways, and other sectors should make a concerted effort to perform their duty; pay close attention to assignments such as the production, import, allocation, transportation, and supply of goods and materials; and make suitable arrangements for production-related loans to ensure the smooth progress of the "three winter agricultural jobs."

Regarding the objectives of the "three winter agricultural jobs," Liu Chengguo, vice minister of agriculture, made these requests: We should strive to expand this year's winter acreage by 20 million mu and attain a seedling rate of greater than 75 percent for our winter crops, and each household should gather three additional square meters of green manure this winter and next spring and spread one additional tonne of manure on each mu of land, so that a solid foundation can be laid for next year's bumper harvests.

Telephone Conference on Controlling Consumption OW3011071994 Urumqi XINJIANG RIBAO in Chinese 20 Nov 94 p 1

[Unattributed article: "The Regional People's Government Held a Telephone Conference Calling On the Entire Region To Strictly Control Excessive Increases in Consumption Funds and Strengthen Cash Management"]

[FBIS Translated Text] The regional people's government held a telephone conference on the afternoon of 19 November calling on the entire region to firmly implement the guidelines of the "State Council's Circular on

Strictly Controlling Excessive Increases in Consumption Funds and Strengthening Cash Management."

Abdulahat Abdurxit, chairman of the regional government, spoke at the telephone conference. He said: To curb inflation, it is imperative to control excessive increases in consumption funds. He emphatically pointed out: We must resolve to stop the unhealthy practice of wanton distribution of money and things to employees by administrative organs, institutions, and enterprises, and guard against shock spending of money at the year's end. In particular, we should strictly control businesses in which remunerations are significantly higher than the average. We should strictly enforce the wage reform plan, and must follow related stipulations of the state and autonomous region and not make exceptions in advancing wages to staff members and workers by administrative organs and institutions. Meanwhile, we should show concern for those enterprises with difficulties and their staff members and workers as well as college and technical secondary school students. We should help them solve their actual difficulties in work and life and effectively ensure the basic living needs of those people. Various financial organs should effectively strengthen cash management and strengthen discipline in accounting work. We should strictly control institutional consumption and forbid the practices of using public funds for extravagant personal consumption and of turning public funds into personal consumption funds. In addition, we should strictly control meeting expenditures. From 1 November to the end of this year, all party and government organs, mass organizations, institutions with full state appropriations, and enterprises that are in arrears with tax payments and wages will not have their applications for the purchase of automobiles and seven other kinds of controlled commodities approved. We should control the scale of fixed asset investment and credit and strengthen the management of extra-budgetary funds. We should increase the effective supply of commodities and strengthen supervision over commodity prices in the market. We should effectively grasp the "vegetable basket" project and find ways and means to satisfy the need of urban and rural residents for supplementary food products. Meanwhile, we should properly organize the circulation of commodities to insure an adequate supply of commodities in the market and achieve a balance in the total supply and demand of principal commodities.

Customs Crackdown Brings 'Record' Tariff Revenues

*HK2611082494 Beijing CHINA DAILY in English
26 Nov 94 p 1*

[By Liang Chao: "Customs Crackdown Reaps Fruit"]

[FBIS Transcribed Text] Tougher customs inspections have reaped record tariff revenues of 23.5 billion yuan (\$2.76 billion) in the first 10 months of this year.

The figure represents a 10 percent rise over the same period last year, according to statistics released yesterday by customs authorities.

During the period, customs authorities helped the State collect a total of 28.7 billion yuan (\$3.37 billion) of value-added import duties and consumption taxes, General Administration of Customs (GAC) officials said.

The amount of revenue from the two taxes rose 13.4 billion yuan (\$1.57 billion) during the January-October period, up 88 percent from same period last year, the officials said. So far this year, a total of 52.2 billion yuan (\$6.14 billion) of tariffs, value-added import duties and consumption taxes have been collected by customs and turned over to the State treasury.

This is a 42.4 percent rise over the same period last year, providing the State with an additional income of 15.5 billion yuan (\$1.82 billion).

The GAC officials attributed the increased revenue to a series of measures introduced this year to tighten the supervision and control of various duties owed by enterprises.

Local customs have sent work teams to urge firms to pay their outstanding tariffs.

The GAC has also established a computer-based rational auditing system in line with international practices, which has enabled tax evasion to be discovered.

The new system forced a number of enterprises to pay up as much as 1.37 billion yuan (\$161.1 million) in overdue tariffs and taxes during the January-October period.

The GAC has also sent senior officials to nine major local customs authorities to inspect their internal finance and taxation and to tighten rules and close loopholes that have caused losses of State income.

ATA Customs Clearance Practice To Be Implemented

*HK2911151394 Beijing ZHONGGUO XINWEN SHE
in English 0951 GMT 29 Nov 94*

[FBIS Transcribed Text] Beijing, November 29 (CNS)—It is expected that China will implement a special customs clearance system in the first half of next year which involves a certificate for customs passage, according to the Vice-President of the China Council for the Promotion of International Trade, Mr. Xu Dayou. With introduction of such practice known as the ATA system, holders of ATA certificate when going abroad will be given free customs passage on multiple occasions in one or several countries for their personal belongings.

Personal belongings such as instrument and commercial samples for exhibition purpose carried by personnel making an overseas trip on business mission were in the past considered export items which were subject to customs procedures. Declaration at customs for passage

was necessary for these items and taxation in advance or producing guarantee acceptable to customs of destination countries were required of these items. Time consuming procedures were needed for tax drawback for these items when the personnel returned home.

The ATA certificate is an international document for seamen which is established according to the ATA pact and the Istanbul pact and is accepted by 53 countries including China, all of which are involved in these pacts. The certificate can replace various kinds of documents requested by customs at home for entry and departure of personal items while at the same time being accepted by customs of destination countries as a guarantee document for import items which are given tax exemption. That means the items are no longer subject to anticipated taxation. The ATA pact has been available in 47 countries and regions including the United States, Britain and Japan. The ATA certificate with a valid term of one year in general covers yellow colour card for export and re-import, white colour card for import and re-export and blue colour card for transit purpose.

The China International Chamber of Commerce is designated by the State Council as the organization for the issuance of the ATA certificate and as a guarantee. Enterprises, social groups and individuals can apply for the certificate.

State Assets Total 3.5 Trillion Yuan

HK2311125894 Beijing ZHONGGUO ZHENGQUAN BAO in Chinese 3 Nov 94 p 1

[By reporter Xie Yue (6200 1878)]

[FBIS Translated Excerpt] This reporter learned from the China State Assets Management Bureau a few days ago that, since its establishment in 1988, the bureau has made an initial assessment of the general situation of the country's state assets as well as the total amount and distribution. By the end of 1993, China's state assets totaled 3.495 trillion yuan.

Reportedly, of China's total state assets of approximately 3.5 trillion yuan, operational assets amounted to 2.6025 trillion yuan, accounting for 74.5 percent of the total, while nonoperational assets were 892.5 billion yuan, 25.5 percent of the total. Since 1988, China's state assets have increased at an annual average rate of over 18 percent. [passage omitted]

Commentator Urges Efforts To Ensure Revenue Growth

HK2911150894 Beijing RENMIN RIBAO in Chinese 25 Nov 94 p 1

[Commentator's article: "Ensure That the Targeted Level of Growth in Tax and Financial Revenue for This Year Is Reached"]

[FBIS Translated Text] Under the correct leadership of the party Central Committee and State Council, and with concerted efforts by localities and departments, the financial and taxation reforms launched early this year have scored initial success, basically attained a smooth transition, and already are playing an active role. Things have been kept fairly close to the budget so far this year, with a faster growth rate reported in financial revenue in the first 10 months, and financial expenditure basically meeting the needs of economic construction and the expansion of various projects. However, we should see clearly that both reforms and work in finance and taxation still face arduous tasks requiring us to double our efforts to ensure the missions are completed.

Concerning financial and taxation reforms, a new financial and taxation system is basically in place, and most of the problems exposed in its operation have been resolved—some of them by interim measures that still need to be standardized and institutionalized. In particular, as the modern corporate and social security system come into force, new demands will be made by various quarters on financial and taxation reforms, which therefore must continue to be perfected and deepened. We must continue to watch closely how the new financial and taxation system operates; listen to feedback from all quarters, especially enterprises and their administrative sections; and spot and solve problems quickly so as to keep financial and tax reforms developing alongside the modern corporate system reforms, and conforming with and promoting overall economic development. We must constantly create new conditions so as to shorten the time required for some non-standardized interim measures adopted in the early phases of reforms to evolve toward the targets set by the new system. Emphasis must be placed on a centralized standard in the taxation system, and resolute efforts be made to halt and correct various practices that distort the new system.

Concerning financial and taxation work, currently the most important jobs are to complete this year's financial revenue and expenditure quotas, and to ensure that deficits stay under the budgeted level. These two matters are important ones concerning economic development and social stability, and one of the key indicators of success in financial and taxation reforms.

We must grasp the organizational side of the financial and taxation reforms so as to ensure that the targeted level of growth in financial revenue is reached. With the State Council's approval, a national conference on financial work, which was convened in early August, identified the amount of increases in this year's value-added and consumption taxes, which since have been adapted and implemented by local authorities to the extent permitted by local conditions. The targeted increases were set with reference to the actual increases reported in value-added and consumption taxes in the last four months of 1993, and based on an analysis of the economic development trend. They are positive, and with effort they can be realized. It should be observed that

value-added and consumption taxes account for a major portion of financial revenues. According to the requirements of the new system, most of the revenue derived from these two taxes must be returned to the localities; therefore, whether or not we can attain the targeted increases is crucial to the completion of the state budget, and has a direct impact on central finance with regard to its ability to reimburse localities. Localities must regard the collection of value-added and consumption taxes as tasks of high importance, work with the overall situation in mind, overcome obstacles, adopt effective measures, and strengthen administration in collection work so as to ensure that the targeted increases in the two taxes be achieved.

One thing that merits attention is the relatively serious problem of tax default by enterprises. This problem, if not addressed promptly, is certain to dampen growth in financial revenue and threaten the completion of this year's budget. Localities and departments must pursue the clearing and collecting of outstanding enterprise tax payments as an important job, work with the interests of the overall situation in mind, coordinate closely with each other, and conscientiously pursue the task of recalling and demanding outstanding tax payments so as to ensure that all taxes due are paid on time and in full into the government coffers. Settlement schedules should be drawn up for payers with large outstanding tax payments, and aid should be rendered to enterprises to solve their problems.

Pursuing the new tax system as it is will guarantee, in an important way, stable increases in financial revenue. We must firmly stop the fiddling of state tax laws in the abuse of official powers, and concentrate our efforts on cracking down on tax thefts, resistance to tax collection, and tax fraud. We must work closely with financial and tax inspections to halt and correct various discipline-breaking acts and to ensure that all due financial income is collected in full.

Strictly controlling financial expenditure and slowing down its excessive growth is vitally important for the effort to keep financial deficits within the budgeted size. In view of the current financial shortages, unnecessary items of expenditure should be canceled, and those that can be cut should be cut, thus freeing money for key projects and keeping expenditure in a steady ratio with revenue. There must be efforts to economize in all financial spending and to make sure that money is well spent. In wage reforms, we must conscientiously pursue the relevant decrees of the party Central Committee and State Council, and halt voluntary measures going beyond the standards and scope set by the central authorities. We must severely curb the number of meetings, conferences, and activities so as to cut spending; advocate arduous struggles, diligence, and thriftiness; oppose extravagance and waste; strictly control purchases of luxury sedans and other high-grade consumer goods; screen and cut corporate spending, and above all, prevent year-end spending sprees.

Party committees and governments at all levels must pay more attention to current reforms, and to work in finance and taxation; strengthen leadership; and resolve difficulties and problems promptly. Financial, taxation, and other departments concerned must coordinate, cooperate, and work together to complete the reforms and the work in finance and taxation. We believe that if we work with one mind and concerted action, and make real efforts, we will achieve satisfactory success in the financial and taxation reforms, and will complete this year's budget.

Commission Says Local Exchanges Inappropriate

HK2911124994 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0741 GMT 26 Nov 94

[FBIS Translated Text] Guangzhou, 26 Nov (ZHONGGUO TONGXUN SHE)—In its latest six letters in answer to proposals by National People's Congress deputies and Chinese People's Political Consultative Conference delegates, China's State Council Securities Commission explained questions regarding the policy for the development of China's securities market.

Regarding the question of setting up new local exchange markets, the Securities Commission's letters point out that under the present situation, it will surely involve many questions for additional securities exchange markets to be set up, especially those in the hinterland.

The Securities Commission's view is: The number of listed companies in China is still not too big and their scale is not large enough. It will take some more time for the securities exchange markets in Shenzhen and Shanghai to continue to develop. There is not a whole set of experience on the development of securities exchange markets. Exchange markets must proceed from decentralization to centralization. Indiscriminately setting up exchange markets will inevitably lead to mergers, causing a waste of resources. If the number of local exchange markets is increased at a time when the securities management structure is still unsound and when the securities market system is still undefined, it will inevitably enhance the difficulties of management or even lead to confusion in the securities markets.

The letters argue that it is inappropriate to set up more exchange sites at the present stage or for inland provinces to issue shares to the public and list companies.

As for the B share market, the letters maintain that the major problem at the present time is the lack of nationwide management regulations, the lack of clear procedures for enterprises in different areas to apply for the issue of B shares, and the small quantities of B shares issued. Before relevant methods are introduced, the overseas marketing of B shares, either directly or in the form of DAR [preceding acronym received in Roman script and unexpanded] and the B-share-related financial innovative method will not be considered for the time being, the letters say. The letters also add that since the

yuan is not yet a freely convertible currency, the B share market is still not standardized and that conditions for merging A and B shares are lacking at the present time.

State Council Seeks To Slow Securities Industry

HK2611083394 Hong Kong EASTERN EXPRESS in English 26-27 Nov 94 p 27

[By Wang Xiangwei]

[FBIS Transcribed Text] The State Council Securities Committee, China's highest stocks regulator, has released a series of guidelines in an attempt to slow down development of the country's unruly securities industry.

The guidelines, published yesterday in the Shanghai Securities News, are aimed at clearing up uncertainties over the establishment of the country's third stock market, B share listings on the overseas markets, and convergence of A and B shares.

In reply to queries from deputies to the National People's Congress, the committee said another market was out of the question in the foreseeable future.

It noted that many provinces and cities had been lobbying hard for approval to set up one or more stock exchanges.

However, it said that China had not learned completely how to run a proper stockmarket and the number of companies listed on the existing two markets remained small.

The committee said overseas experience had also proved that too many stock exchanges would eventually lead to convergence and thus a waste of resources.

The committee's decision is sure to disappoint dozens of Chinese cities, including Tianjin, Guangzhou and Dalian, which have been competing against each other for the right to establish the third bourse.

The committee said the government was drafting national B share market regulations.

However, before the regulations are released, all plans to allow B share companies to seek secondary listings or list their shares in the form of depositary receipts will be delayed.

The committee said that as the Chinese currency was still not freely convertible and the B share market was not up to international standards, the convergence of A and B shares was not practical for the time being.

It is also drafting regulations on curbing unofficial publication of stock performances.

Forum Views Payment Transfer Network System

HK2811130994 Beijing RENMIN RIBAO in Chinese 30 Oct 94 p 2

[By staff reporter Li Jianxing (2621 1696 5281): "Balance the Financial Strength, Develop Evenly—Roundup

of An International Symposium on System of Payment Transfers Between Governments"]

[FBIS Translated Text] The establishment of a standardized system of payment transfer between governments is an important support measure for improving the revenue-sharing system and is a common international practice. At the recent "International Symposium on Systems of Payment Transfers between Governments," jointly sponsored by the Ministry of Finance and the IMF, Chinese and foreign experts offered useful opinions and suggestions on how to establish a system of payment transfer between governments in China.

Objective: An Equal Spread of Public Services

The ultimate objective in the establishment of a system of payment transfer between governments in China is to ensure an equal spread of public services throughout the country. It is the general opinion of experts that practicing the system of fiscal payment transfer in different countries makes it quite clear that the ultimate objective of this system is to ensure an equal spread of public services nationwide. What this means is that, while taking into consideration their demand for payments and their capacity to generate revenue, there should be an equal spread of basic public services for all regions. However, this does not mean that payment transfers between fiscal departments have to be on a par with the level economic development between regions and nor does this mean that there has to be an equal spread of per-capita fiscal income nationwide. At the symposium, some people pointed out that the immediate objective of the establishment of a system of payment transfer between governments in China should mainly be to tackle the imbalance problem between fiscal income and expenditure at various levels, especially the county level. On this issue, IMF experts warned that although an equal spread of public services in China cannot be achieved within a short time, it should be firmly embraced as the ultimate objective. If the system of payment transfer is employed in an over-simplistic way to cover local fiscal deficits, it will not be conducive to arousing the initiative of local governments to increase their own revenue and will not impel local governments to take effective measures to control their expenditures.

Prerequisite: A Financially Strong Central Government

A financially-strong central government is the prerequisite for the establishment of a payment transfer system. Participants in the symposium generally believed that whether in a federal country or a country which is a monolithic entity, the basic prerequisite for the establishment of a payment transfer system is that the revenue-generating capacity of the central financial authorities must exceed its obligations to spend. Only when the central government is financially strong will it be in a position to ensure payment transfer to the local authorities. In recent years, with central revenue (excluding debt income) accounting for less than 40 percent of

national revenue, the central government's capacity to transfer payments has been very limited. Since the implementation this year of the financial structural reform involving tax-sharing, the proportion of national revenue directly at the disposal of the central government has shown some increase. However, since the net transfer of local revenue to the central government in 1993 has to be transferred back to the local authorities in full, and the amount of revenue transferred back is expected to increase from year to year, the central government will have very limited financial resources at its disposal during the next few years and will have difficulty making more payment transfer to the local authorities.

Model: Equilibrium Allocation Supplemented By Special Allocation

China should first consider establishing a transitional model for payment transfer. At present, the payment transfer system in use in various countries are of two basic models: The first is a payment transfer system involving special allocations by the central government to the local authorities on the basis of an assessment of the revenue-generating capacity of various regions. The second is a payment transfer system involving special allocations by the central government to the local authorities on the basis of an assessment of the revenue-generating capacity and spending needs of various regions. Experts and scholars at the symposium were of the view that, given the huge regional differences in China and the fact that the central government lacks sufficient financial resources to cover payment transfers, China is not yet in a position to adopt either of these models and can only actively create the necessary conditions to gradually implement the system. A transitional model, that is, a limited income-expenditure model of payment transfer system involving equilibrium allocation and special allocation, may be established in China. In the light of China's actual conditions, equilibrium allocation may include two forms: The first form is that of equilibrium allocation of a general nature. This mainly covers the main items of current expenses and is made to ensure a minimum level of public services in certain regions. The second form is that of equilibrium allocation of a capital nature. This mainly covers construction expenses and is made to increase public service facilities in the backward areas, enlarge the scope of public services in these areas, and help these areas increase their capacity to provide public services. Equilibrium allocation is "limited" because it can only cover the most basic and essential public services, such as compulsory education. Special allocation mainly goes to special transregional projects approved by the central government and serves as a supplement to equilibrium allocation.

Steps: A Progressive Approach Must be Adopted

China must adopt a "progressive" approach in introducing the payment transfer system. Experts and

scholars at the symposium were of the view that because the revenue-sharing system introduced this year is a progressive reform which needs continuous improvement and advancement, the establishment of the payment transfer system must also be "progressive." In the short term, payment transfer between the central government and the local authorities can only operate within the basic framework of the revenue-sharing system. Part of the additional income collected by the central financial authorities through revenue sharing is to be spent directly by the central government on the country's most needy items, while the rest is to be systematically and progressively spent on improving the minimum standards of spending in particular regions and areas of expenditure. In the intermediate term, it is necessary to organize, in a planned way, experiments on the assessment of the revenue-generating capacity of local governments and to establish databanks and design distribution models for the fiscal payment transfer system. At the same time, in conjunction with the readjustment of the authority of central and local governments over enterprises and undertakings, it is also necessary to improve the system of special allocation. Its main focus should be gradually shifted from local affairs to matters entrusted by the central authorities or transregional matters, to provide better embodiment of the policy intentions and guidance of the central government. Many experts present at the symposium also pointed out, in particular, that local governments should not set their hopes too high on payment transfer in the intermediate term and must fully realize that that it takes time to achieve an even level of community services through the true application of the factor method.

Payments: Not Necessarily Uncompensated

Not all payments are transferred without compensation. Payment transfers for particular construction items may be compensated. Some experts and scholars present at the symposium proposed that the concept of financial credibility should be introduced to the payment transfer system. They were of the view that the shortages of funds would always be an important restrictive factor in economic and social development in a developing country like China. In promoting compensated payment transfer for particular construction items, the following approaches may be adopted: First, the callback-plowback mechanism may be used to address the problem of the shortage of funds to some extent. Second, steps may be taken to increase people's sense of responsibility in the utilization of funds, to increase the efficiency of fund use. Third, steps may be taken to gradually change the "blood transfusion" mode of financial subsidies to the lower levels and introduce the market economy concept of borrowing and repaying loans in the handling of fiscal relations between the higher and lower authorities.

Stepping up the development of the legal system is another necessary guarantee for the establishment of a system of payment transfer between governments. It is

understood that a common feature of the payment transfer systems of developed market economies is that they all have a clear and definite legal basis. As things now stand in China, the fiscal relations between the central and local governments are not governed by a set of comprehensive, clear-cut, and standardized laws and are somewhat arbitrary. Hence, some experts suggested that in order to gradually standardize the payment transfer system in China, it is necessary to devote major efforts to strengthening the legal system. Through the concerted efforts of all quarters, concrete and clear-cut provisions regarding the mode, method, amounts, supervision and management, and accounting standards should be made by way of legislation for payment transfer between governments in order to ensure that all payment transfers are just, reasonable, and legal.

Increase in Fixed Assets Investment Slows

OW2911061794 Beijing XINHUA in English 0542
GMT 29 Nov 94

[FBIS Transcribed Text] Beijing, November 29 (XINHUA)—The increase in investment in fixed assets throughout China slowed markedly in the first ten months of this year, according to the State Statistics Bureau.

An official of the bureau said that such investment by the state-owned companies and institutions all over China shot up 40.4 percent during that period.

But the increase was nearly 25 percentage points lower than in the same period of 1993, the official said.

Controlling the excessive increase in fixed assets is a major measure being taken by the Chinese Government to curb inflation and ensure sustained and sound economic growth, he noted.

Specifically, investment in building new facilities and buying new machinery rose 41 percent during the January-October period, he said.

But the increase was 21 percentage points lower than in the same period of 1994.

Meanwhile, investment in upgrading machinery and facilities rose 36 percent, but the increase was nearly 23 percentage points lower; and investment in the real estate sector soared by 54 percent, but the increase was roughly 80 percentage points lower.

The number of new investment projects undertaken in the first ten months of this year was 3,865 fewer than in the same period of 1993, the official said.

These new projects will require 223.5 billion yuan in total investment, an 11 percent drop from the same period of 1993, he said.

"The investment structure has continued to improve, with more investment flowing to basic industries and infrastructure," he said.

For example, investment in the energy, transportation and telecommunications sectors climbed almost 45 percent in the first ten months of this year.

Meanwhile, investment in the three sectors accounted for 44 percent of China's investment in fixed assets, up two percentage points from the same period of 1993.

"Moreover, more foreign funds were used for investment in fixed assets," he said.

He noted that a total of 60.7 billion yuan in foreign funds was used for such investment from January through October this year, up 115 percent.

Government To Scrutinize Foreign-Funded Firms

HK2611082394 Beijing CHINA DAILY in English
26 Nov 94 p 1

[By Ma Zhiping: "Checks on New Joint Ventures Stepped Up"]

[FBIS Transcribed Text] The government will strengthen the management of appraisals and registration of foreign-funded enterprises.

While affirming the positive role played by foreign investment in helping ease China's shortage of funds and promoting the country's economic development, a recent State circular said problems have emerged.

"Some local authorities have overemphasized the number of joint ventures set up in their area, while ignoring their quality; some have violated laws and regulations to provide preferential terms to foreign businessmen at their own will," said the 12-point circular, issued by the State Administration for Industry and Commerce and the Ministry of Foreign Trade and Economic Cooperation.

Problems concerning joint ventures also include underestimating State-owned capital and property involved in the venture, failure to carry out the contracts and delays or refusal to provide the registered funds long after business registration.

Some local firms even cheat authorities by setting up counterfeit joint ventures in a bid to enjoy favourable tax policies, the circular said.

To cope with these problems, the circular urges appraisal and registration organs to tighten their examination of foreign-funded firms being set up, to check the amount of capital invested and investigate and deal with illegal practices.

It also urges authorities to watch closely whether foreign-funded firms have kept their business activities in line with Chinese laws, regulations and policies.

Chinese enterprises that plan to establish joint ventures or co-operation projects with foreign firms by using State-owned assets or by selling a stake of the assets must

hand in an assessment report on State-owned assets and other documents required by the State.

The circular urges appraisal departments to carry out strict inspections of the equipment and equipment investment list from foreign joint venture partners who invest in the form of equipment or other material resources.

Appraisal and registration departments will be empowered to demand that foreign partners hand in documents to verify the equipment price, the circular said.

It also orders departments to look carefully into the contracts of Sino-foreign joint ventures in order to ferret out parts that run counter to the law and government regulations.

The circular sets time limits on investment by installations for new joint ventures.

Foreign-funded enterprises with registered capital under \$500,000 must hand in the money within one year after they receive business licences.

Bigger firms may have longer periods ranging from one year to three years.

Official statistics showed that by the end of last year, the State had approved a total of 174,056 foreign-funded enterprises, attracting \$60 billion in investment from abroad.

'Paid-in' Foreign Investment Totals \$25.34 Billion

*HK2911073794 Beijing CHINA DAILY in English
29 Nov 94 p 2*

[By Wang Yong: "Foreign Investor Paid-in Funds Up"]

[FBIS Transcribed Text] Some are cheering while others are sneering at the trend foreign investment has taken in China. The first 10 months of this year saw continuous growth in real terms.

The latest government statistics show that paid-in investment from foreign investors from January to October totalled \$25.234 billion, up 44 percent from the same period last year.

Pledged investment was \$62.58 billion for 37,735 newly approved projects. Both figures are lower than last year's.

Officials and economists have started to contemplate the sharp contradiction of figures, which became apparent at the beginning of this year when pledged foreign investment dropped off for the first time in the past two years.

From 1991 to 1993, new foreign investment contracts continued to pile up. Yet at the same time, real investment—compared to contractual investment—has steadily picked up.

Investors from abroad are generally required to channel all pledged investment within three years of project operation.

Strict restrictions on real estate development and lack of domestic funds in joint ventures are the main reasons for the drop in new foreign investment contracts, according to officials.

"But contractual investment is only one side of the coin. The value of real investment is also an important barometer of international business confidence in the Chinese market," said one economist who declined to be identified.

The main factors behind the sustained increase in real investment volume, in spite the plummeting pledged input, are the large number of contracts signed in previous years and a significant structural change in foreign investment.

More important is the structural reform, which has seen more companies from Japan, Europe, the United States and Hong Kong establishing capital-intensive projects across China.

This has, in part, offset the adverse effect caused by the drop in investment in real estate and other small-scale projects by Hong Kong investors.

To encourage the reform, which has happened largely automatically because of the international realization of the size of the Chinese market, the government is working on a national regulation on investment by foreign firms.

At the same time a regulation is being prepared to guide foreign investment in one of the country's newly opened areas: mineral resources. Details are not available yet.

At the third members' conference of the China Association of Enterprises with Foreign Investment yesterday, a senior trade official confirmed that with the entrance of more and more foreign companies, foreign investment in China has moved—and will continue to move—further into broader areas.

"China has become a hot spot of international capital investment," said Vice-Foreign Trade Minister Shi Guangsheng.

From 1978 to October, real investment by foreign businesses in China has reached about \$83 billion.

What's the prospect for 1995? Those who are sneering hold that real investment might also begin to slide as a result of fewer new contracts signed this year.

Others argue that it depends on whether China will be more open, both to multinationals and small investors.

Appraisal of Joint Venture Assets Curbs Losses

OW2811115094 Beijing XINHUA Domestic Service in Chinese 0955 GMT 18 Nov 94

[By reporter Jiang Jun (1203 6511)]

[FBIS Translated Text] Beijing, 18 Nov (XINHUA)—It was learned from the State Administration for the Inspection of Import and Export Commodities that significant achievements have been made by commodity inspection organizations in inspecting and appraising assets imported as investment by foreign businessmen in various localities. The Chinese side avoided direct economic losses of nearly \$500 million over the past three years, and the situation of foreign businessmen asking exorbitant prices has been somewhat curbed.

In recent years, investment by foreign businessmen has mostly been made in the form of importing physical goods, of which the value of equipment and facilities imported and appraised as part of the investment accounts for about 70 percent of the total investment. Some foreign businessmen used the tactics of making overstatement, substituting old things for new ones, low-grade things for high-grade ones, or pretending locally made things are imported things to gain improper benefits. In view of the situation, starting in 1991 our commodity inspection organizations began to appraise the actual value of physical goods imported by foreign businessmen in accordance with relevant laws and regulations. As of the end of the first half of this year, various commodity inspection organizations have handled 4,940 cases. Through inspection and appraisal, it was discovered that machinery and other equipment reported by foreign business at an accumulated price of more than \$2.3 billion were actually only worth little more than \$1.8 billion. Accordingly, enterprises on the Chinese side have not only avoided a direct economic loss of \$500 million, but also prevented an indirect loss to foreign businessmen who demanded dividends based on overstated values.

According to a responsible person of the State Administration for the Inspection of Import and Export Commodities, the State Administration for the Inspection of Import and Export Commodities and the Ministry of Finance jointly announced "procedures for appraising and administering assets invested by foreign businessmen" early this year. As a result, Chinese enterprises have heightened their consciousness of protecting their own legitimate rights and benefits. Many enterprises, at their own initiative, requested the appraisal of physical goods imported by foreign businessmen. Commodity inspection organizations in various localities completed the appraisal of more than 1,800 cases in the first half of this year, equivalent to 90 percent of the tasks to be completed in the first half-year. Meanwhile, the situation of demanding exorbitant prices by foreign businessmen has been somewhat curbed. In 1992, the actual total value of physical goods imported by foreign businessmen was 25 percent lower than the value claimed; and in the first half of this year, the actual total value was 23 percent lower than the claimed value.

Despite the improvement, the problem of foreign businessmen making overstatements concerning invested assets is still quite serious. An official of the State

Administration for the Inspection of Import and Export Commodities said: Early this year, the Commodity Inspection Bureau in Hubei Province appraised the assets of the Wuhan Chujiang Machinery Manufacturing Company, Ltd., which is a Chinese-Hong Kong joint venture. It was discovered that the 15 sets of equipment invested by the Luwenli Machinery Plant of Hong Kong were mostly outmoded things. Even the words "the year of Showa 13" (1938) or "June in the year of Showa 16" (1940) could be seen on some of the lathes. Another two sets of equipment were made in China in 1969 and 1973 respectively. The claimed total price of that equipment and facilities was as high as \$2.12 million. In fact, they were only worth \$20,000.

A responsible person of the State Administration for the Inspection of Import and Export Commodities pointed out that appraising invested properties has a history of some 100 years in economically developed countries. Implementing such work in our country is not only in accord with international customs, but is also a necessity in establishing a socialist market economy and the modern system of appraising enterprise properties. He hoped that concerned departments would closely coordinate with commodity inspection organizations to continue and strengthen this work to ensure a prompt and healthy development of our country's absorption of foreign capital.

Chamber of Industry, Commerce Meets in Beijing
*OW2911001394 Beijing XINHUA in English 1857
GMT 28 Nov 94*

[FBIS Transcribed Text] Beijing, November 28 (XINHUA)—The Seventh Executive Committee of the National Chamber of Industry and Commerce started its second meeting here today.

The chambers of industry and commerce at all levels have made remarkable achievements in "uniting, helping, leading and educating" personnel in non-public economic sectors over the past year, according to Chairman Jing Shuping.

In 1995, the Chamber of Industry and Commerce will earnestly carry out the policies of the Central Committee of the Communist Party of China, actively put forward suggestions for the construction of the country, and help advance private economy in a healthy manner, Zhang Xuwu, standing vice-chairman of the National Chamber of Industry and Commerce, said at the meeting.

Coal Ministry Holds Conference on Curbing Expenses

OW2811133994 Beijing XINHUA Domestic Service in Chinese 1059 GMT 18 Nov 94

[By reporters Zhang Chaowen (1728 6389 2429) and Chu Baoping (2806 0202 1627)]

[FBIS Translated Text] Beijing, 18 Nov (XINHUA)—The Ministry of Coal Industry held a national telephone conference today requiring all institutions and enterprises affiliated with the coal industry to resolutely implement the guidelines of the "Circular Issued by the State Council on Bringing the Excessive Growth of Consumption Funds Under Strict Control and Improving Management of Cash" and to resolutely put an end to the end of the year spending spree.

As regards nonproductive expenses, the Ministry of Coal Industry required financial organs at all levels either "not to pay or to submit an expense account for the following 10 categories": all expenses caused by the construction of projects not covered by a plan or budget; all expenses exceeding the normal standard; all expenses for meetings held at a high-class guesthouse; all expenses for souvenirs handed out under various pretexts; all expenses for unusual receptions; all monopolized commodities purchased without having obtained prior approval; expenses arising from the handing out of labor insurance-related articles that exceed the prescribed scope and standard; expenses for unapproved receptions; all expenses for the construction of projects which have been halted or suspended; and all expenses for projects which have not completed the necessary formalities to proceed.

The Ministry of Coal Industry required that institutional consumption be suspended from now until the Spring Festival. Those enterprises and institutions which purchase small cars without authorization shall have their cars confiscated and those who are responsible for such purchases shall be punished. No unit is permitted to issue, purchase, or use coupons. Meanwhile, the Ministry of Coal Industry required all enterprises to see to it that the growth rate of the total amount of wages must be lower than that of enterprises' economic returns and that the average growth rate of wages must be lower than that of enterprises' labor productivity. All bonuses must be examined and approved in accordance with prescribed procedures. It is prohibited to indiscriminately invent various kinds of names for bonuses and to hand out double bonuses under different names. No bonuses shall be handed out to those who fail to fulfill their planned tasks; if bonuses have already been handed out to such persons, they shall be deducted from their wages. All monies and articles handed out by enterprises to staff and workers must be included in the total amount of wages.

Market Will Decide State Coal Prices

HK2811005694 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 27 Nov-3 Dec 94 p 8

[By Wu Yunhe: "Coal Prices To Be Set By Market"]

[FBIS Transcribed Text] State-subsidized supplies of coal will begin to wither next year as the Ministry of Internal Trade shifts more of the commodity to the open market, ministry officials say.

The government will maintain exclusive rights to trade the same amount of coal as it did this year, while it plans to assist suppliers hike distribution to power generation, metallurgical and chemical fertilizer industries in 1996.

Power-hungry China will consume 20 million ton more of the bulky commodity next year to feed power plants alone, senior ministry official Li Guangchun said.

While allowing a "considerable" amount of coal to be freely traded on markets, the government will need to maintain control of some coal mines and trading to back infrastructure development, said Li, deputy director-general of the ministry's Nonmetal Materials Distribution Bureau.

He noted that the government will also abolish subsidies for money-losing coal mines next year regardless of ownership—state or otherwise. The move is aimed to force deficit-ridden coal producers to improve management and economic efficiency.

This change might stimulate price growth next year, he added.

Subsidies previously earmarked for deficit-ridden mines will be used to finance State coal purchases at prices higher than its own selling prices to the power, metallurgical and chemical fertilizer sectors.

Although the Ministry of Internal Trade did not reveal how much money the government will use to subsidize the purchasing—which is meant to support distribution to crucial infrastructure projects, sources say it may involve millions of yuan.

The Ministry of Coal Industry said more long-term coal supply contracts will be made between coal producers and users across the country. And prices on the domestic market will be settled by both sides through negotiation.

Supply has exceeded demand on the domestic coal market since the start of this year, although the demand for quality coal is up and, as a result, prices are rising.

This is especially true in South China, showcase of the country's economic reform, where the coal market is particularly buoyant.

The ministry said China's coal output topped 920 million tons during the January-October period, a 5.8 percent increase over the same period last year.

However, the coal consumption of the country's power generation sector has also chalked up a yearly increase of 7.4 percent this year.

Ministry officials said that although it has set a goal to turn around the industry from a loss-making to a profit-making one and cut the work force by more than 110,000 people, the industry still needs to make further cuts in its payroll.

Now, State coal mines employ 5.3 million workers. However, the mines still have to spend large sums of

money providing iron-rice-bowl welfare to their retired workers and schooling for the children in their units.

Coal mining efficiency is also dependent on getting the coal to the power stations and factories rapidly, but the railway network across the country cannot cope with freighting the commodity, said the ministry officials.

Measures To Deal With Unemployment

HK2911124894 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0921 GMT 25 Nov 94

[FBIS Translated Text] Beijing, 25 Nov (ZHONGGUO TONGXUN SHE)—The person in charge of the Department of Labor Force Management and Employment under China's Labor Ministry said in Beijing a few days ago, that with enterprise reform proceeding in depth, it is inevitable that a great number of workers will be laid off and a great number of enterprises will be declared bankrupt. The government will take three measures to deal with the relevant problems:

1. To get sufficient unemployment insurance money on hand so that workers will get the money as soon as they are laid off.

The Labor Ministry will make an unemployment forecast so as to decide the amount of money due to every unemployed worker. In the meantime, it will offer suggestions to relevant economic departments as to how to coordinate relations between reform and the pressure on laid-off workers so as to maintain social stability.

2. To commit those enterprises going bust and laying off a large number of workers to take on certain responsibilities.

First, when assessing their capital, such enterprises must set aside a sum of money for the resettlement of laid-off workers. Second, if the enterprises can manage to develop tertiary industry or set up new economic entities to give new jobs to their workers—including giving them some training beforehand as needed, the Labor Ministry will divert a certain sum of money from the unemployment insurance fund to match their plans. The relevant pilot project work is being conducted in various localities.

3. To allow old workers to retire ahead of schedule.

This scheme will be put into practice on a trial basis in two ways: One, old workers are required to leave their posts and are provided with a living allowance, which is equivalent to retirement pay, by the enterprises for which they have worked until their retirement age, when they will collect a pension from the government. Two, they are allowed to leave their posts and live on unemployment insurance money until their retirement age, when they will collect a pension from the government. If this scheme proves feasible and is spread, the problem of unemployment owing to old age will be solved. It also will serve to boost the productivity of enterprises.

Maintaining Master Status in Enterprises Urged

HK2911151294 Beijing ZHONGGUO XINWEN SHE in English 1230 GMT 29 Nov 94

[FBIS Transcribed Text] Beijing, November 29 (CNS)—Staff and workers who have been long seen as masters of the state and enterprises in China while in the process of establishment of a modern enterprise system, their status as masters is being ignored in some localities in the country. Such a phenomenon has aroused a serious concern of personnel in the theoretical and business sectors as well as in trade unions.

At the opening session of the seminar on socialist market economy and master status of staff and workers, jointly sponsored by several enterprises and units including the Society of Study on Workers' Movement under the All-China Federation of Trade Unions and the Capital Steel and Iron Corporation, experts held that it was a must for the establishment of the socialist market economy to adhere to the principle of staff and worker being as masters of enterprises in the country.

There is a point of view prevailing in the country at present which says that the establishment of the modern enterprise system is to make clear ownership of enterprises, strengthen power of commanding, dim master status of staff and workers and weaken the role of trade unions. As a result some workers in large and medium-sized state-owned enterprises in the country are in low spirits and have no sense of responsibility. They consider themselves as hired hands of enterprise owners so that they are not willing to do more than they are paid for and the phenomenon of not abiding by labour rules, going slow, being irresponsible for work and not cherishing enterprise property among worker is widely prevailing in the country.

Personnel from theoretical circle held that shifting the state-owned enterprises into those practicing a modern corporate system was not aimed at privatizing property of the state-owned enterprises, therefore, staff's and workers' master status cannot be denied.

The seminar's attendants also held that China was a developing country and the level of productivity in the country was quite low, if China indiscriminately copy the wage labour system based on the private ownership in the West, the social contradiction in the country will be intensified and become a serious hidden danger to the social stability in the country.

'Brisk' Sales of Consumer Goods in Oct Reported

OW2911171994 Beijing XINHUA Domestic Service in Chinese 0635 GMT 23 Nov 94

[By reporter Zhang Jinsheng (1728 6930 0524)]

[FBIS Translated Text] Beijing, 23 Nov (XINHUA)—According to the State Statistical Bureau's latest data, China's urban and rural markets registered brisk sales of consumer goods in October. Both the value and growth

rate of total retail sales of social consumer goods were the highest over that of any other month in recent years.

The statistics showed that China's urban and rural markets' total retail sales of social consumer goods in October amounted to 144.4 billion yuan, up 37.4 percent over the same period of 1993, or doubling the sales of September. China's total retail sales of social consumer goods between January and October was 1,256.7 billion yuan, up 29.3 percent over the same period of 1993. Except for Xinjiang and Hainan, various Chinese provinces, autonomous regions, and municipalities registered more than a 20 percent increase in total retail sales of social consumer goods. Most provinces, cities, and autonomous regions in China's east coast reported sales increases of more than 30 percent. Zhejiang, Henan, and Hebei Provinces all reported sales increases of more than 50 percent.

According to our analysis, an outstanding characteristic of the markets of consumer goods in October was that the sales in rural markets rose faster than sales in urban markets. The retail sales of consumer goods in markets below the county-level in October reached 37.09 billion yuan, up 39.6 percent over the same period of 1993, or doubling the retail sales of consumer goods in urban markets in October. Rural markets registered a higher increase in retail sales, mainly due to the following factors: Peasants had more cash in their hands during the peak season for governmental procurement agricultural and sideline products; and peasants attained some benefits from price rises, leading to a considerable growth in buying power in rural areas after the government decontrolled the prices of principal agricultural and sideline products.

Exports of Light Industry Products on Rise

OW2811104194 Beijing XINHUA in English 1020
GMT 28 Nov 94

[FBIS Transcribed Text] Beijing, November 28 (XINHUA)—China has registered a new increase in the export of light industry products.

Statistics show that during the first nine months of this year the general export volume for 52 light industry products reached 16.38 billion U.S. dollars-worth, up by 23.8 percent over the same period of last year.

During the period China's light industry sector achieved 1441.78 billion yuan-worth (about 169 billion U.S. dollar-worth) of general output, an increase of 22.2 percent over the same period of last year.

According to a director of the China Council for Light Industry, the output of major light industry products has increased by a large margin over the same period of last year.

He revealed that the production of clocks increased 223 percent, while that of conditioners, washing machines and refrigerators rose by 31 percent, 27 percent and 23 percent, respectively.

However, China's sugar production decreased by 26 percent in the period, and the production of bicycles was about three percent down compared with the same period of last year.

From January to September China's light industry sector's production/sales rate reached 93.9 percent.

Steel Company Pursues Market Economy Overseas

OW2411075394 Beijing XINHUA in English 0724
GMT 24 Nov 94

[FBIS Transcribed Text] Beijing, November 24 (XINHUA)—Efforts to pursue a cross-border market economy by the Beijing-based Capital Steel and Iron Corporation (Shougang), one of China's largest steel makers, have proven successful, a corporation spokesman said here today.

In the first three quarters of this year, the corporation posted export earnings of some 147.05 million U.S. dollars in foreign exchange, up 191 percent from in the same period of last year, he said.

The corporation has for years been experiencing a stable growth in exports, which range from rolled steel and machinery to electrical appliances and whole sets of equipment.

By setting up joint ventures, cooperative ventures and solely-owned ventures overseas, and by buying stocks, the corporation now has four billion Hong Kong dollars worth of assets in Hong Kong alone, the spokesman said.

He attributed the corporation's laudable performance overseas to a full and rational use of intangible assets, international funds, high technology, first-class personnel, advanced management expertise and resources worldwide.

Since 1990, the corporation has signed 10 export agreements valued at 35.36 million U.S. dollars with overseas.

Currently the corporation exports more than 250 kinds of products to over 40 countries and regions, the spokesman said, adding that the corporation will make further efforts to get a share of the African and European markets.

Beijing Exports More High-Tech Products

OW3011071894 Beijing XINHUA in English 0703
GMT 30 Nov 94

[FBIS Transcribed Text] Beijing, November 30 (XINHUA)—The volume of China's import and export high-tech products reached 20 billion U.S. dollars in 1993, representing a 40 percent rise over the previous year's figure.

This made up 10.5 percent of the country's total import and export value in 1993 and 14.5 percent of the value of

exported industrial manufactures, an official from the State Science and Technology Commission told a press briefing here today.

The export value of high-tech products totalled 4.68 billion U.S. dollars last year. The annual growth rate was higher than that for any other export commodities. Major export items included computers, telecommunication facilities and electronic goods.

However, China had an adverse trade balance of 11.2 billion U.S. dollars in 1993, equivalent to the combined amount for the previous two years.

Company Seeks Foreign Partners To Develop Oil Fields

HK2511101194 Hong Kong TA KUNG PAO in Chinese 12 Nov 94 p 17

[Report: "New Measures for Exploiting Oil Resources in the Eastern Part of South China Sea"]

[FBIS Translated Text] Guangzhou, 11 Nov (TA KUNG PAO)—The fourth oil field to be jointly developed by the East Nan Hai Oil Company and foreign oil companies will begin production later this month. The deputy general manager of the company happily announced that an upsurge of development in the eastern part of the South China Sea will emerge very soon.

High Tide of Production in 1997

Compared with other countries China was late in developing its maritime oil resources. The East Nan Hai Oil Company was founded in Guangzhou in 1983. Oil field development requires large amounts and long investment periods, and can also encounter great risks. In order to speed up the prospecting and development of this "industrial blood" in offshore oil fields with rich reserves, in the past 11 years, East Nan Hai successively signed 24 contracts and six agreements with more than 30 companies from 10 countries to jointly prospect and develop a total area of 83,000 square km. So far, 76 prospecting wells have been sunk and 73 oil reserve structures have been found. It has been found that of the 22 oil reserve structures, 450 million tonnes of crude oil can be tapped.

In 1990, the first oil field began production. So far, designs for eight oil fields have been approved, and these can be put into commercial development. Experts concerned said that in addition to the fourth oil field, Xijiang 24-3, which will begin production in November this year, three oil fields will successively begin production next year. It is expected that the company will enter its peak production period in 1997, when annual output will reach 8.7 million tonnes.

Serious Insufficiency of Backup Reserve

While enumerating a string of gratifying figures, senior officials from East Nan Hai Oil Company also objectively viewed the serious deficiency of backup reserves

after full-scale production is carried out. Chief Geologist Chen Changmin says that according to an assessment of natural resources by concerned experts, there are 5 billion tonnes of oil reserves in the eastern South China Sea, and one-tenth of these reserves have been discovered so far. He said that in the mature Bo Hai area [in Northeast China] there are nearly 600 prospecting wells for every square km, but in the eastern part of Nan Hai there were only 60 prospecting wells for every square km, and the wells are mainly concentrated in the north of the area. Data shows that 106 oil reserve structures in a 50,000-square-km area have not been prospected, and there are still some concealed and nonstructured oil fields. The prospecting task remains arduous, and it is now urgently necessary to raise the huge amounts of funds needed for oil field prospecting. Sino-Foreign Cooperation in Prospecting and Developing Oil Fields [subhead]

Qian Fuqiao, acting general manager of the company, said that whether the prospecting work, which has been suspended for several years, can be resumed mainly depends on the formulation of a realistic long-term program. He said that it was unrealistic to merely rely on bank loans and funds raised by the company itself to prepare the huge investment needed by the oil industry. The development of oil resources in the eastern part of Nan Hai will mainly rely on cooperation with foreign companies. This year, the company has signed contracts with some large companies in Australia and Hong Kong. At present, a development project in a deep-water area is being discussed. At the same time, geological research will be conducted intensively in order to discover resources in different geological structures. The company plans to conduct intensive research in some selected major oil reserve structures in order to find large oil fields and propose large cooperation projects with foreign investors. More prospecting wells will be sunk in existing prospecting areas and in other promising areas. Efforts will be made to develop the southern part of the area and to solve technical problems in deep-water operations. Chief Geologist Chen Changmin said that next year three or four new wells will be sunk, and it is expected that over 20 million tonnes of oil reserves will be found.

Energy, Raw Materials Production 'Rising Steadily'

OW2411093594 Beijing XINHUA in English 0900 GMT 24 Nov 94

[FBIS Transcribed Text] Beijing, November 24 (XINHUA)—China's production of energy and raw materials has been rising steadily this year.

A survey shows that the output of energy in the first ten months of the year climbed to 913.8 million tons, an increase of 5.48 percent over the same period of last year, while the production of 11 major raw materials also registered a big increase.

The growth in the output of energy and raw materials was fueled by the support from the central and local governments which have granted preferential policies, additional funds and transport facilities, as well as the help given to major state enterprises to deepen their reform, reduce production costs, and increase economic efficiency.

According to the latest statistics, the output of coal, electricity, steel products, ten non-ferrous metals, sulphuric acid, soda ash, plywood, cement, and plate glass in the January-October period went up by at least five percent.

China produced 1.18 million motor vehicles during this period, up 7.73 percent, and more than one million small tractors, up 45.04 percent.

Beijing Delays Shandong Power Plant Project

HK2811070894 Hong Kong EASTERN EXPRESS in English 28 Nov 94 p 25

[By Beverly Chau]

[FBIS Transcribed Text] Two of the world's leading electricity companies, which plan to build a US\$3bn (about HK\$23.4bn) power station in Shandong province, have had their project put on hold by Beijing. Hong Kong's China Light & Power (CLP) and Electricite de France (EDF), have no idea when their power station will finally see the light of day. Originally, the station was expected to be functioning by 2002.

After two years of negotiation, a senior official of China's Ministry of Electric Power (MEP) said the power project—which marks the first attempt to bring in Hong Kong's scheme of control (SOC)—will be left in abeyance for at least another couple of years.

"This is a dilemma between introducing a new format of power operation and the lagged-behind legal framework. The State Planning Commission (SPC) thinks it is not the right time," the senior official said.

Dominique Prat, the EDF managing director, has already received bids from international power equipment suppliers but cannot fund the the project without approval from Beijing.

The MEP official in Beijing said the crux of the problem is the scheme of control—or the agreement between the government and the operator on the rate-setting mechanism.

In Hong Kong, the SOC allows for a permitted return of 13.5 percent of average net fixed assets, plus 1.5 percent of net fixed assets financed by shareholders' investments. The surplus or deficit is transferred to and made up from the development fund. At present, Beijing allows foreign power companies to operate on joint-venture, build-operate-transfer bases and to charge tariffs through an off-take contract, so as to achieve its ambitious goal of attracting at least US\$25bn in foreign funds by the year 2000.

The State Planning Commission decided it was premature to bring in the SOC, which demands a clear distinction between an enterprise and its government, because "the concept of state-owned enterprise is too deep-rooted", the MEP official said. The first Electricity Law, for instance, is still on the desk of the National People's Congress and will not come out until the end of 1995, he said.

The setting up of the supplementary rules such as a national policy for Sino-foreign joint ventures in the power sector is expected to take at least another year.

"I can understand that it takes considerable time for the central government to strike a balance between a rate of returns guarantee and the high inflation," EDF's Prat said.

A CLP spokeswoman said: "The negotiation is still going on in China."

The Shandong joint venture aimed to install 3,000 megawatts of capacity by 2002 in four power plants. Shiheng phase I and II and Heze would each take installation of 300MW generators, and Liaocheng would receive two 600MW generators.

CLP agreed to hold about 30 percent of the project, and EDF will take a stake of about 20 percent. The remaining stake will be shared by Shandong International Trust & Investment and Shandong Electric Power.

Hubei Power Station Aids Three Gorges Project

OW3011093494 Beijing XINHUA in English 0733 GMT 30 Nov 94

[FBIS Transcribed Text] Yichang, November 30 (XINHUA)—The successful operation of the Gezhouba Hydroelectric Power Station in this city on the Chang Jiang River, in Hubei Province, will provide experience for the building of the Three Gorges Project, according to Hou Guangzhong, director of the station.

China's largest hydroelectric power project, the Gezhouba Station has generated a total of 150 billion kwh of electricity and withstood 26 big floods, each with a velocity of 45,000 cu m per second.

The director said that this has proved that the technology and design of the Gezhouba Station are "practical and effective," and its facilities are "safe and reliable".

"This provides valuable experience for building the three gorges project, the world's largest hydroelectric power station on the mainstream of the Chang Jiang River," he added.

According to Hou, such a large hydroelectric project as the Gezhouba was the first ever seen in China, and it offers experience in damming a major river, pouring cement, ensuring normal navigation and solving the silting problem.

Hou, also a senior engineer, noted that not a single vane of the hydraulic turbines of the Gezhouba Power Station has been changed due to the silt since the station went into operation.

The Gezhouba Hydroelectric Power Station, 38 km from the Three Gorges Project, has 21 generating units with a combined capacity of 2.715 million kw, about one sixth of the total generating capacity of the Three Gorges Hydroelectric Power Station, the construction of which is in the preliminary stage.

For the Gezhouba project, the middle reaches of the Chang Jiang River were dammed in 1980, and the first power-generating unit went into operation the next year. The whole project was in full operation by 1988.

When the Three Gorges Project goes into operation, Hou noted, the Gezhouba station will help it regulate water flow to ensure smooth navigation in the lower reaches of the river.

Serving both navigation and power generation, the Gezhouba Power Station has successfully solved the safety problems of large flows, and multi-lock gates and generating units.

The station also provides experience for the operation of large generating units and sub-stations, and in maintenance and management.

Instead of the traditional long-distance transmission of power, which consumes 12 percent of the power for every 300 km, Hou noted, the Gezhouba station has succeeded in employing the technology of transmitting direct currents for long distances, for which the energy consumed amounts to only six percent.

Transport Volume Shows Dip in First 10 Months

HK2811005594 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 27 Nov-3 Dec 94 p 8

[By Tong Ting: "Transport Volume Falls Slightly in 1st 10 Months"]

[FBIS Transcribed Text] Transportation declined in the first 10 months of the year with a sustained dip in the past few months, according to recent government statistics.

Freight transport volume declined 0.8 percent during the first 10 months compared to the same period last year, according to the State Statistical Information and Consultancy Service Centre.

In the first nine months the volume dropped by 1.1 percent.

Passenger transport through October registered a 2.2 percent drop, the centre said in its report.

Between January and September period, passenger transport volume also declined by 2.2 percent.

Railways shipped 138 million tons of freight and 91 million passengers in October.

Freight transport volume stood at 2.275 billion ton in the first 10 months.

Of the total, rail freight grew 0.9 percent to 1.317 billion ton. Truck freight in the period slipped 8.4 percent to 421 million ton.

Freight by boat climbed 1.7 percent in the first 10 months to hit 537 million ton, while air freight soared 20.2 percent to 672,000 ton.

Freight turnover—an important indicator in monitoring unit labour productivity and economic efficiency—witnessed a growth of 7.7 percent to hit 2,278 billion ton-kilometre in the first 10 months. One ton-kilometre is one ton of cargo transported one kilometre.

Of the total, railways reported a 4.1 percent rise to 1,033 billion ton-kilometre, while truck freight turnover dropped by 7.6 percent to 23 billion ton-kilometre.

Air freight turnover generated 1.61 billion ton-kilometre, up 14.6 percent, and boat freight turnover climbed 11.2 percent to 1,220 billion ton-kilometre.

Total passenger volume stood at 4.08 billion in the January-October period, the report said.

Volume breakdown shows the railways carried 907 million passengers, up 3.3 percent, while 3.009 billion travelled by bus, down 3.5 percent.

Boats took 131 million passengers, down 11.7 percent, while planes took 33.28 million passengers, up 19.6 percent.

The passenger turnover in the period grew 2.5 percent to 518.563 billion person-kilometre.

Of the total, passenger turnover by rail went up 4.6 percent to 306.886 billion person-kilometre, while bus travel turnover dropped 3.1 percent to 153.919 billion person-kilometre.

Boat travel turnover slipped 10.4 percent to 13.7 billion person-kilometres with air travel chalking up 14.6 percent growth to 44.05 billion person-kilometre.

Major coastal ports handled 555 million ton of cargo in the first 10 months, 3.4 percent more than in the same period last year.

The report also indicated that business turnover of China's posts and telecommunications registered a sharp rise of 48.9 percent to 54.557 billion yuan (\$6.42 billion).

Article on Farmers' 'Invisible' Assets

OW2911053494 Beijing XINHUA in English 0509
GMT 29 Nov 94

[FBIS Transcribed Text] Hangzhou, November 29 (XINHUA)—Xing Zhizhong, a 51-year-old experienced

farmer in Shengxian County, Zhejiang Province, purchased seeds of high-quality "Jiaxing fragrant rice" and "Heibao" rice from the county institute of agricultural science and began to grow the crops on his contracted 1.3-ha plot in 1991 in the hope of getting a fortune.

But the first harvest was a failure. "I was so disappointed to see that I had not yet earned a penny but instead had lost about 1,000 yuan by the end of that year," Xing said.

He went to the institute to consult with experts who developed the seeds, and was told that he forgot to buy the special techniques for cultivating the crops and that although invisible, these kind of special assets are sometimes very productive.

"I suddenly realized that I am operating under a market economy and that invisible assets have also become commodities on the market. Gone are the days when scientific findings are applied free of charge," Xing told XINHUA.

He borrowed more money to purchase both the techniques and the seeds, and worked his fields under the guidance of experts from the institute.

As a result, his production costs shrank by one third and the per-unit output rose by 31 percent in 1992. He went on to earn more than 100,000 yuan last year.

Today, China is building a socialist market economy, and invisible assets such as patents, information and technology are being circulated on the market. And governments at all levels are stepping up the protection of intellectual property. More and more farmers, like Xing, are becoming aware of the value of such assets and the importance of operating under market mechanisms.

In another development, Chen Dafu, a farmer from Yichang County, Hubei Province, just benefited from market information. He has left poverty behind by growing oranges and tangerines, and raising bees in recent years.

"I became rich because I invested in market information, so that my products have a ready market," Chen explained, with a smile.

A survey shows that farmers across the country purchased 900 million yuan-worth of agro-techniques from scientific research institutions last year.

Tian Bo, an official of the Zhejiang Provincial Commission of Science and Technology, said this was only one aspect of rural technical transactions.

"The outcome of the transactions of technical transfer, consultation and services can hardly be reflected in figures," he noted. He added that farmers themselves sometimes also have invisible assets to offer.

With his rich experience in field management, Lin Zhiyao, a farmer from Taizhou city, Zhejiang Province, offers paid services to his fellow-villagers.

Seeing a drop in production costs and an increase in grain output last year, many fellow villagers have come to conclude contracts with him this year for guidance in field management.

Lin declined to say how much he earned from implementing these contracts. He just said that the annual rewards are several times his annual income from field work in the past.

At present, China has 130,000 specialized research institutes and technical societies set up by skilled farmers themselves to transfer their techniques and offer technical services.

So far, Hainan Province and Shenzhen city in Guangdong Province have set up invisible asset appraisal offices. A number of departments are preparing to set up a nationwide agricultural information network, and Hubei and Jiangxi Provinces have decided to designate a dozen counties to pilot the development of rural technology markets.

According to Song Jian, state councillor and minister in charge of the state science and technology commission, China will encourage the development of rural technology and technical services, and make full use of them through constantly improved market mechanisms. "It is expected that more invisible assets will flow into the countryside in the form of paid transfer," the state councillor said.

Commentator on Need To Conserve Cultivated Land

OW2811143994 Beijing XINHUA Domestic Service in Chinese 2112 GMT 19 Nov 94

[“Commentary” by unidentified XINHUA commentator: “Conservation of Cultivated Land Is Beneficial to the State and People”]

[FBIS Translated Text] Beijing, 20 Nov (XINHUA)— Though the area of China's cultivated land accounts for only 7 percent of the world's cultivated land, it must feed 22 percent of the world's population. Therefore, we must always think of how to conserve cultivated land. No matter whether we want to promote industrial development or carry out housing construction in rural areas, we must conserve cultivated land.

Information provided by the State Land Administration Bureau shows that there was a decrease of nearly 10 million mu of cultivated land nationwide in 1993, that currently the per capita cultivated area in one-third of China's provinces and regions is less than 1 mu, and that the per capita cultivated area in Guangdong, Fujian, and Zhejiang Provinces is less than 0.6 mu.

Due to a sustained decrease in cultivated area and continuous population growth, per capita consumption of grain is still less than the 1984 level despite the fact that China's grain output has increased to 450 billion kg.

Agricultural experts say these figures should be repeatedly propagandized among all the people across the country. Even if China is able to make efforts to increase its total grain output to 500 billion kg by the year 2000, calculated on the basis of a per capita grain consumption of 400 kg, there would be enough for only 1.25 billion people.

There are many unreasonable factors that lead to a drastic decrease in cultivated area in China. One conspicuous problem among them is the indiscriminate establishment of development zones in all areas. There was a net decrease of over 10 million mu of cultivated land as a result of the establishment of development zones in 1992. The figure means an annual decrease of 3 billion kg of grain nationwide.

It is unavoidable for various economic constructions to occupy land. It is a necessity for economic development and for the Chinese people, including the Chinese peasants, to set out on the road to prosperity. However, the problem lies in many areas' indiscriminate circling and occupying land for development zones. They either occupy a piece of land which has twice the area necessary for the establishment of one development zone, resulting in huge waste, or simply do not use the land after occupation, thereby letting vast expanses of good farmland go to waste. Such behavior, of course, should not be allowed to spread unchecked.

Food is the first necessity of the people, and land is the foundation of a state. The "Regulations on Protecting Basic Farmland" went into effect on 1 October this year. They signaled the fact that the protection of basic farmland moved into the orbit of administration by the legal system in China. The "Regulations" specifically stipulate that local governments must delimit basic farmland areas under protection and give special protection to the cultivated land within such areas. The occupation and use of less than 500 mu of first-grade basic farmland must be approved by a provincial-level government and the occupation and use of more than 500 mu of first-grade basic farmland must be submitted to the State Council for approval. The "Regulations" also call for the establishment of a system for making up the loss of basic farmland, a system for preserving soil fertility, and an

environmental protection system, and define the government's responsibility for protecting basic farmland. These are important measures for protecting cultivated land and, as such, they will benefit the state and the people. However, there are still quite a number of people who think of economic development as conflicting with farmland protection, because they lack sufficient understanding of the importance of farmland protection. In this connection, many persons with breadth of vision believe it is necessary to accelerate the legislative process of a "land law" to bring the work of delimiting farmland areas under protection under the legal system as soon as possible.

Beijing To Harness Desertified Land

OW301115094 Beijing XINHUA in English 0836
GMT 30 Nov 94

[FBIS Transcribed Text] Beijing, November 30 (XINHUA)—China is planning to ameliorate 6.67 million ha of desertified land over the next ten years mainly by afforestation, according to the Forestry Ministry.

According to the plan, China will open up 4.6 million ha of forests and extend or reclaim 13.3 million ha of pastureland over this period in an endeavor to protect 18 million ha of land which are endangered by desertification.

The ministry revealed that China now has a total of 66 million ha of reclaimable desertified land.

Experts predicted that by harnessing 6.67 million ha of such land and reclaiming ten percent of that which enjoys better water and soil conditions every year, China will achieve an annual increase of 250 million kg of grain, which is bound to ease the pressure of the growing population on the scanty farmland.

"The desert areas should be harnessed in a comprehensive way with larger areas of forest, pastureland, orchards and fisheries opened up," said Xu Youfang, minister of forestry.

The minister disclosed that China has harnessed 2.3 million ha of arid areas since the desertification control project was initiated in 1991.

East Region

Lu Rongjing Speaks on Anhui People's Congress
OW2911165394 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 23 Nov 94

[From the "Provincial Hookup" program]

[FBIS Translated Excerpt] A three-day provincial meeting convened by the Anhui provincial party committee to discuss work of the people's congress closed yesterday. Meng Fulin, chairman of the provincial people's congress standing committee, presided over the meeting.

In his speech, Wang Yang, provincial party committee standing committee member and also vice governor, began by outlining the economic situation in the province since the beginning of this year and tentative plans for next year's work, then discussed the issue of administering the province according to law to create a good legal environment for reform, development, and stability.

He said: The administration of our province according to law is a comprehensive undertaking which requires joint efforts by party committees, people's congresses, governments, people's courts, procuratorates, and the entire society. Responsible comrades of governments at all levels and their affiliated departments should further study and understand passages written about relations between the people's congresses and governments in our laws and Constitution; promptly report their work to people's congresses and their standing committees of equivalent levels; and conscientiously accept supervision by people's congresses in accordance with the law, regarding such supervision as an important guarantee for promoting administration according to law and accepting it in earnest.

Delivering a speech which focused on the work of people's congresses in the new situation, Lu Rongjing, secretary of the provincial party committee, said: Local people's congresses at all levels and their standing committees have been entrusted with an important mission and arduous tasks in the new situation. They must clearly perceive the situation and grapple with key aspects of their work. First, they should speed up legislative work, particularly that concerning the economy, by closely keeping in mind the urgent needs of constructing a socialist market economy. Second, they should intensify supervision and further strengthen the supervisory roles of people's congresses. Practice in the past few years has proven that appraisal conducted by people's congress deputies on the performance of governments, people's courts, and people's procuratorates, is an important and effective measure for strengthening supervisory functions, for handling affairs according to law, for promoting clean administration, and for fostering close ties between cadres and masses. Therefore, we should pay closer attention to this type of work.

Third, we should foster closer ties between people's congresses at all levels and the masses, and more effectively enhance the roles of people's congress deputies. Fourth, we should unremittingly publicize legal knowledge and educate people about it so as to heighten the awareness of the entire society, particularly leading cadres at all levels, about our laws.

Lu Rongjing said: Strengthening and improving the party's leadership over the work of people's congresses are a major link in our work to uphold and improve the system of people's congresses as well as a basic guarantee for accomplishing work of people's congresses. Party committees at all levels should pay attention to and study the issue of intensifying and improving party leadership over the work of people's congress. He said emphatically: The work of people's congress must be listed high on the agenda of party committees at all levels. We should respect and support efforts made by people's congresses to exercise their powers according to law, and include work to promote the system of people's congresses in the overall plan for party propaganda work. We should earnestly help people's congresses resolve practical issues.

Lu Rongjing said emphatically: People's congresses at all levels should make further efforts to strengthen themselves so as to adopt a new attitude and work style to improve their work in the new era.

At the end of the meeting, Meng Fulin spoke about implementing issues discussed at the meeting. [passage omitted]

Provincial party committee leaders who were also seated on the rostrum were Comrades Yang Yongliang, Liu Guangcai, Chen Guanglin, Shao Ming, Wu Changqi, (Cai Jingjiu), and Wang Guangyu. Also attending the meeting were responsible comrades of the provincial people's government, the provincial committee of the Chinese People's Political Consultative Conference, the provincial higher people's court, the provincial people's procuratorate, relevant departments under the provincial government, and party committees and people congresses at the levels of cities in counties and cities in prefectures.

Lu Rongjing at Anhui Discipline Inspection Meeting

OW2911170494 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 23 Nov 94

[From the "Provincial Hookup" program]

[FBIS Translated Text] To further improve and strengthen the party and government's supervisory system and function, the Anhui Provincial Commission for Discipline Inspection and Supervision Department recently appointed 25 members of various democratic parties and federations of industry and commerce, persons without party affiliation, veteran comrades retired from their offices, journalistic units, mass organizations,

scholars, experts, and model workers as inspectors of party style and discipline and specially invited supervisors. The meeting on the appointments was held at the hall of the provincial committee of the Chinese People's Political Consultative Conference yesterday morning. Provincial leaders, including Lu Rongjing, Yang Yongliang, Chen Guanglin, Shao Ming, Wang Xiuzhi, Yang Duoliang, Li Mingjun, Rong Guanghong, and comrades in charge of other work attended the meeting.

The meeting was presided over by Chen Guanglin, standing committee member of the provincial party committee and secretary of the provincial commission for discipline inspection. Provincial leaders presented certificates of appointment to the inspectors of party style and discipline and specially invited supervisors. Lu Rongjing, secretary of provincial party committee, delivered an important speech at the meeting.

Lu Rongjing noted: It is necessary to fully understand the importance of the work of inspectors of party style and discipline and specially invited supervisors and be aware that such work is an important means to encourage democratic parties and persons without party affiliation to participate in the administration of state affairs; an important measure to integrate party, administrative, and public supervision; and a favorable condition for helping discipline inspection and supervision organs improve their work and constantly raise their supervisory level. Their work is also an objective need for conducting the anticorruption struggle, improving party style, and building a clean government at present; as well as a new experiment and probe for conducting the united front work by the CPC. We should have a full understanding of the historical and practical significance of this work from the high plane of strengthening the building of state power.

Lu Rongjing expressed the hope that all inspectors of party style and discipline and specially invited supervisors would enhance their sense of responsibility, honor, and mission; bring out the best in themselves; vigorously advertise the policies, arrangements, and achievements of the CPC Central Committee, State Council, and provincial party committee and government in the anti-corruption struggle; actively participate in activities organized by the provincial commission of discipline inspection and supervision department; play the role of a high-level think tank and serve as advisers and consultants to discipline inspection and supervision organs. Lu Rongjing asked them to address and expose corrupt people and all kinds of decadent phenomena as well as collect and relay people's opinions, calls, suggestions, and demands. Discipline inspection and supervision organs should actively create favorable conditions for inspectors of party style and discipline and specially invited supervisors to work and study to help them improve their professional quality and assume their role as soon as possible.

At the meeting, Sun Qingrun, deputy secretary of the provincial commission for discipline inspection and

director of the provincial supervision department, summed up the work of specially invited supervisors since 1989. (Yang Zhengyi), deputy secretary of the provincial commission for discipline inspection, announced the promulgation of the Interim Procedures for the Inspectors of Party Style and Discipline to the Anhui Provincial Commission for Discipline Inspection and the Interim Procedures on the Work of Specially Invited Supervisors to the Anhui Provincial Supervision Department.

Representatives of the inspectors of party style and discipline and specially invited supervisors also spoke at the meeting. They pledged to conscientiously exercise their duties and properly conducting supervision to live up to the expectations of the party and people.

Foreign Funds, Technology Improving Jiangsu Economy

OW2911160094 Beijing XINHUA in English 1542
GMT 29 Nov 94

[FBIS Transcribed Text] Nanjing, November 29 (XINHUA)—Telecommunications have witnessed great improvements in east China's Jiangsu Province over the past few years, thanks to the introduction of foreign funds, high technology, and equipment.

Since 1986, Jiangsu's telecom sector has absorbed 448 million U.S. dollars worth of foreign investment in the form of foreign government loans, world bank loans, foreign export credits, and commercial credits.

In the past, the province has also imported high-technology equipment including automatic switchboards, digital microwave transmission circuits, mobile telephone systems, and digital and data telecommunications systems from Japan, Sweden, and Norway.

According to Zhang Bingying, director of the provincial post and telecommunications administration, fixed assets formed by foreign investment now make up one third of the province's total in the telecom sector.

He said that Jiangsu has an overall switchboard capacity of more than 3.8 million lines and more than 2 million trunk line telephone users, 70 percent of whom are household users.

With a population of more than 70 million, Jiangsu's average telephone ownership has climbed from 0.36 sets per 100 people some ten years ago to 4.3 sets now.

He expects that by the end of the century, Jiangsu's telephone switchboard capacity will total 12 million lines.

The director said that Jiangsu also has set up a mobile telephone network covering all of its cities and counties. He added that the network has got merged with that of the neighboring Zhejiang Province and Shanghai Municipality, China's largest industrial city.

According to him, the traditional telecommunications system featuring telegraph and telephone network is giving way to a more diversified and intelligent system able to transmit sounds, words, pictures and data.

Shandong Holds Meeting on Trial of Economic Cases

SK3011044394 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 29 Nov 94

[FBIS Translated Text] The third provincial meeting on trial of economic cases, which ended in Liaocheng on 29 November, set forth that we should strengthen the work of trying economic cases closely in line with the central tasks of the party and the state so as to better serve the progress of reform, opening up, economic development, and social stability.

Over the past years, the courts at various levels across the province have continued to enhance the work of trying economic cases, applied judicial means to directly mediate economic relations, and examined and concluded a lot of economic disputes. In 1993 alone, the province examined and handled, through first rulings, more than 140,000 cases of economic disputes; and the cases concluded last year involved more than 8.4 billion yuan, exceeding the total of the previous 14 years. The number of economic dispute cases, examined and concluded in the first 10 months of this year, increased by 7.1 percent over the same period of last year, and some 8.61 billion yuan were involved in these cases.

The meeting stressed: The courts at various levels should continue to enhance the awareness of serving the central work of the party, vigorously advocate the method of administering the affairs of plants and villages according to laws, and further continue to serve economic development. At present, we should pay particular attention to handling cases so as to safeguard the dignity and [words indistinct] of laws. We should continue to enhance the efficiency in handling cases, pay attention to social effect, do good-quality and high-efficient work, help the masses eliminate worries and difficulties, and eliminate obstacles for economic development.

Shandong Overfulfills Grain Purchasing Task

SK3011043894 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 29 Nov 94

[FBIS Translated Text] Our province has exceeded the annual grain purchasing task. As of 25 November, the province stored away 2,825,500 tonnes of grain, exceeding the annual grain purchasing task by 0.6 percent, 17 days earlier than last year. The rate of progress was faster than in the past few years.

Huang Ju on Modernizing Shanghai's Business System

OW3011091094 Shanghai People's Radio Network in Mandarin 2300 GMT 23 Nov 94

[From the "990 Morning News" program]

[FBIS Translated Text] At a municipal work conference on establishing a modern enterprise system at selected units, which was held by the municipal government yesterday morning, Mayor Huang Ju announced: Shanghai is currently entering the initial stage in establishing a modern enterprise system. The municipal party committee and government have decided to regard establishing a modern enterprise system as a central task in carrying out reform in the next three years and has set the general goal of basically establishing a modern enterprise system by 1997. The trial period will go from now to next June. Shanghai has selected more than 100 units to undergo the first trial period stage.

Huang Ju said: Shanghai's general guidelines for quickening the pace of establishing a modern enterprise system in state-owned enterprises are: In managing state-owned assets, we must establish a state-owned investment body and carry out value management of assets. In improving enterprises' capital structure, we must protect the property rights of corporate enterprises, adjust enterprises' property structure, and optimize the debt structure of enterprise property. In the field of enterprise structure and management, we must establish a rational corporate management structure, improve enterprises' distribution system, separate enterprises' functions from social functions, and reduce surplus employees through the establishment of a semi-retirement system.

Vice Mayor Xu Kuangdi presided over the meeting. Vice Mayor Meng Jianzhu relayed the guidelines of the national work conference on establishing a modern enterprise system at selected units. The reporter was informed: The CPC Central Committee and the State Council decided that China would establish operational mechanisms and a basic framework for a modern enterprise system that conforms to socialist market economic structure by the end of this century; 100 medium and large state-owned enterprises across the country, including six enterprises in Shanghai, were selected to be the test units for establishing a modern enterprise system.

Shanghai Builds Up Grass-Roots Organizations

OW3011023594 Shanghai JIEFANG RIBAO in Chinese 15 Nov 94 p 1

[("Jing'an District Reorganizes Grass-Roots Party Organs")]

[FBIS Translated Text] In recent years, the Jing'an District CPC Committee has made great efforts to improve grass-roots party organizations' ability and skills in exercising leadership and participating in economic work in their respective units by providing training for cadres, readjusting the leading bodies of grass-roots party organizations, and promptly setting up leading body groups for key construction projects.

For quite some time now, the district CPC committee has run classes on basic knowledge of the party and

economics, which have been attended by 86 percent of grass-roots party branch secretaries. Today, most cadres in charge of grass-roots party affairs have a rather good understanding of their leadership role over economic work, thus overcoming the tendency of the party organization monopolizing all administrative work and ending the negative phenomenon of cadres, due to a lack of knowledge or confidence, unwilling or not daring to take charge of economic work.

Since last year, to ensure that grass-roots party organizations will play a central role in economic work, the Jingan District CPC Committee has expended great efforts in tackling the problem of irrational line-ups of many grass-roots party organizations. According to a survey in early 1993, political cadres accounted for more than two-thirds of the members of leading bodies of nearly 70 percent of the district's 17 working committees and 19 grass-roots party organizations. Over the past year, a number of cadres serving as deputy general managers or administrators in key economic departments who are politically reliable, well-versed in economics and management, and have a good reputation both in and outside the party have been appointed to leading bodies step by step according to plan. Consequently, these party organizations have gained a greater voice and influence in leading and participating in economic work. The line-up of district grass-roots party branches—that is, secretaries and members—has seen incremental improvement as a result of such methods as assigning them concurrent administrative posts.

The district party committee has also had party organizations steel themselves on the front line of economic construction as a way to raise their leadership skills and prestige. It has set up in timely fashion a party branch for every key construction project in the region and assigned party-member cadres to play a central role on the front line of construction, thus closely integrating party building and ideological and political work with economic development.

Commentator Stresses Social Stability in Shanghai
OW3011061994 Shanghai WEN HUI BAO in Chinese
18 Nov 94 p 1

[WEN HUI BAO commentator's article: "Score Splendid Achievements Again To Maintain Social Stability"]

[FBIS Translated Text] In compliance with the principle "seize the opportunity, deepen reform, open up wider, promote development, and maintain stability," Shanghai quickened the pace of reform, opening up, and economic construction and scored eye-catching achievements in recent years. These achievements were inseparable from the joint efforts made by all the Shanghai people and the hard work on the part of the broad masses of cadres and policemen of Shanghai's judicial, procuratorial, and public security organs. We would like to

warmly congratulate the advanced collectives and individuals of judicial, procuratorial, and public security organs on their commendation and pay high tribute to them!

A city's prosperity and development have always been closely bound up with the judicial, procuratorial, and public security cadre's and policemen's faithful fulfillment of the sacred duties entrusted to them by the laws. How to maintain social stability against a backdrop of relatively big changes taking place in the macroeconomic environment, in particular, poses a realistic problem. Fortunately, we have a contingent of reliable judicial, procuratorial, and public security organ cadres and policemen who are combat-worthy. They give full play to the role of dictatorship in maintaining social stability and in cracking down on criminals; render services to reform, opening up, and economic construction, and to the elimination of various contradictions; and exercise control over the maintaining of good public order and good traffic order as well as the shaping of Shanghai's image as a large international metropolis, thereby creating investment, legal system, and social environments favorable for Shanghai to build "New Pudong into an area that plays a leading role in promoting other areas' development and the municipality itself into an international economic, banking, and trade center" as quickly as possible and to attain the goal of "bringing about a change every year and a big change in three years." Shanghai has always maintained social stability, promoted economic prosperity, and enabled the masses of people to live and work in peace and contentment over the years. This fact is sufficient to prove that our judicial, procuratorial, and public security work is highly effective and embodies the intelligence, wisdom, industriousness, and hard work on the part of judicial, procuratorial, and public security organ cadres and policemen. All Shanghai people feel indebted to the work as if they had personal experience in it and, meanwhile, our friends at home and abroad speak approvingly of the work.

We must work hard to attain the goal of bringing about a big change in three years. The next three years are a crucial period for us to fulfill all the tasks forwarded by the sixth municipal party congress for the nineties and an important stage for us to lay a foundation for Shanghai to march toward the 21st century. Factors inducing crimes and public social problems will increase noticeably during the transition period from the old system to the new and, moreover, because the transitional period will involve the readjustment of the pattern of interests to various extents, such readjustment will give rise to many new contradictions. If improperly handled, these new contradictions are apt to escalate, thereby presenting loopholes that can be readily exploited by hostile forces at home and abroad to stir up disturbance. Under the circumstances, the task to maintain social stability is heavier than usual and sets a higher demand on judicial, procuratorial, and public security organs. We must perform our judicial, procuratorial, and public security

work closely around the central task of Shanghai's reform, opening up, and economic construction; conduct thorough investigations and studies; be familiar with the developments and general trend of public security; and enhance our consciousness of the need to take the initiative in doing our work and to fulfill our tasks ahead of schedule. We must further improve the political integrity and professional quality of the contingent of judicial, procuratorial, and public security organ cadres and policemen and enable them to raise their perception, early warning capability, and ability to cope with and resolve unexpected turns of events to a new level. Meanwhile, party committees and governments at all levels must conscientiously place judicial, procuratorial, and public security work on top of their agendas; and fully understand that we must improve the work and not pay any less attention to it in the process of reform, opening up, and modernization. At present, in particular, we must keep a clear head, treat the maintaining of social stability as a matter of the greatest importance that overrides all other considerations, and handle the task accordingly to ensure a better social environment for Shanghai. We believe, under the leadership of the municipal party committee and government, the broad masses of judicial, procuratorial, and public security organ cadres and policemen will surely be able to make greater contributions to Shanghai's reform, opening up, economic construction, and social stability in the next three years!

Indonesian Firm To Aid Zhejiang Venture

*OW3011072194 Beijing XINHUA in English 0713
GMT 30 Nov 94*

[FBIS Transcribed Text] Hangzhou, November 30 (XINHUA)—A Sino-Indonesian joint venture was inaugurated here today to undertake the construction of a modern plaza on the site of the city hall of this capital of east China's Zhejiang Province.

The municipal government decided to sell the land-use right of the site, which is located on one of the busiest streets on the bank of the scenic west lake, to Chinese and overseas property developers two years ago, in a bid to further promote economic reform and the open policy.

Overcoming fierce competition, the Union Concepts Co. Ltd of Indonesia and the Hangzhou Guangyu Real Estate Group won the bidding, and bought the land-use right from the municipal government for 1,228 U.S. dollars per sq m.

The joint venture set up by the two winners has decided to inject 900 million yuan (about 10.5 million U.S. dollars) to build a commercial center named "Yuanhua Plaza" on the site.

Designed to house a group of buildings, including office buildings and recreational facilities, the plaza is expected to become a first-class commercial center.

The construction of the plaza will begin after the municipal government moves to a new site in May 1995, and is expected to be completed in August 1998.

Central-South Region

Guangdong Closes Companies Violating Patent Law

*OW3011035994 Beijing XINHUA in English 0322
GMT 30 Nov 94*

[FBIS Transcribed Text] Guangzhou, November 30 (XINHUA)—Three enterprises in Nanhai city in south China's Guangdong Province have been shut for violating the Patent Law.

The move was taken by the Guangzhou Intermediate People's Court and the Foshan City Intermediate People's Court.

The companies are the Songgang Special Ceramics Factory, the Xiqiao Jinchang Ceramic Club Factory and the Xiaotang Shishan Special Porcelain Industrial Company. They were accused of having infringed on the patented technology developed by the Foshan City Ceramics Institute.

Buildings and equipment of the three enterprises were sealed up and their bank accounts frozen.

According to Chen Guohui, vice-president of the Guangzhou Intermediate People's Court, the court handles an average of 50 cases of patent infringement each month, but this case is the most serious in Guangdong.

He added that the act would not only help crack down on violations of intellectual property rights, but also build more confidence in research workers and enhance the use of legal weapons to protect their legitimate rights.

Guangdong To Accelerate Housing System Reforms

*OW2911144694 Beijing XINHUA in English 1443
GMT 29 Nov 94*

[FBIS Transcribed Text] Beijing, November 29 (XINHUA)—Guangzhou, capital city of south China's prosperous Guangdong Province, has made a draft plan for accelerating housing system reforms in urban areas, according to a report of the GUANGDONG-HONG KONG INFORMATION DAILY.

The city's move is to accord with the plans of promoting housing reform in urban areas issued by the State Council, said an official of the local housing reform department.

Reform measures here include higher rents, the establishment of housing funds, and the sale of government-built apartments as well as speeding up housing construction, he said.

Better housing conditions are a major component of the city's goal of comfortable living standards for its residents by the end of the century, the official said, adding that faster reforms are inevitable in fulfilling that task.

The establishment of a housing fund—involving long-term savings deposits—is considered the first step in the city's housing reform.

In such a fund, a worker pays a small percentage of his total wages into it every month. The accumulated money can only be used for buying an apartment, build a house, or making repairs on an existing apartment.

Higher rents are considered the second step in the housing reform of the city. Rents will be raised to one yuan (about 12 U.S. cents) per sq m next year. And will continue to rise to a level high enough to cover both construction and maintenance costs by the year 2000. The rent will in principle take about 15 percent of the monthly income of a single family.

In addition, the local government considers the sale of government-built apartments to individuals a "fundamental way" to recover construction costs in new housing projects.

Finally, the local government is to spend a large amount of money for housing construction for those facing housing shortages in the city's urban areas.

According to a survey in 1992, Guangzhou had 28,000 households living in spaces less than five sq m per capita.

Shenzhen's Vegetable Price Management Praised

OW3011113594 Beijing XINHUA Domestic Service in Chinese 1012 GMT 23 Nov 94

[Commentary by XINHUA reporters Ma Chengguang (7456 2052 1639) and Li Nanling (2621 0589 3781); "Things We Can Learn From Shenzhen in Managing the Prices of 'Vegetable Baskets'"]

[FBIS Translated Text] Shenzhen, 23 Nov (XINHUA)—The prices of "vegetable baskets," which are of immediate interest to urban dwellers, also affect the overall situation in which the public is free of anxiety and society enjoys stability. Shenzhen city, which neighbors Hong Kong and Macao, has for years kept the price increases of "vegetable baskets" lower than the average national and Guangdong Provincial levels despite facing the pressure of a rapidly expanding city and a sharply increasing population, and being swamped by a great influx of purchasing power from beyond China's borders. This is because the Shenzhen city party committee and government have paid close attention to stabilizing the commodity prices of "vegetable baskets." Acting in concert with relevant departments, they have proceeded from the reality in Shenzhen in accordance with the overall concept of state price reform and the objective demands of the market economy to persist in managing "vegetable basket" markets in a proper and flexible

manner, and to gradually produce a set of management methods for "vegetable basket" prices and meat and vegetable markets. From January to October this year, vegetable prices in the city went up only 0.8 percent from the same period of last year. As such, Shenzhen's experience was unanimously acclaimed by provincial and municipal delegates who were there to attend a national on-the-spot meeting on the management of market prices for "vegetable baskets."

Practice has proven that it makes a difference whether we manage or not manage "vegetable basket" prices and meat and vegetable markets. A leader's down-to-earth work style is key to the effective management of "vegetable basket" prices. Shenzhen's experience is praiseworthy in that the city administration for industry and commerce and the city administration for commodity prices have succeeded in providing ample supplies of rationally priced commodities to the public—and thus reassuring it—by working side by side to manage meat and vegetables according to different trading ratios as they construct markets, rectify distribution order, and enhance the dominant role of state-run businesses.

A basic method used by Shenzhen city in market management is to vigorously construct markets so as to form a rather extensive network of rationally distributed, nonstaple foodstuff markets that mainly sell vegetables and meat, but also do both a wholesale and retail business. In recent years, Shenzhen city has invested 835 million yuan in the construction of 183 meat and vegetable markets. The amount of vegetables marketed by Shenzhen's seven meat and vegetable wholesale markets, which have attracted vegetable producers from such localities as Guangdong, Guangxi, Fujian, Hubei, Hunan, and Hainan, has met the entire city's needs. The Buji Agricultural and Sideline Products Wholesale Market is expected to complete an 800,000-tonne transaction volume worth 2.5 billion yuan this year, topping others in the nation.

Shenzhen city has let state-run businesses play a dominant role in distributing meat, vegetables, and other nonstaple foodstuffs. For live pigs in particular, the city has implemented a unified system under which state-run meat processing factories "slaughter pigs in specially designated sites and subject them to centralized quarantine, pay unified taxes, control wholesale rights, and practice decentralized management," and it has let state-run wholesale enterprises trade in 90 percent of the city's frozen pork supply and 70 percent of its fresh pork supply, so that its residents can eat hygienic meat without worry. As for vegetable distribution channels, state-run businesses trade in most of the varieties of leafy vegetables consumed by Shenzhen residents. Although leafy vegetables traded by state-run businesses account for only 20 percent of all vegetables marketed in the city, they make up 70-80 percent of the total amount of leafy vegetables marketed locally.

Shenzhen city has comprehensively managed and regulated its markets. The city administration for industry

and commerce and the city administration for commodity prices have coordinated closely to grapple with "two types of order"—market and price order. They have treated price control as the central link in market management, and promoted open trading, use of receipts in transactions, systematic management, and the fixing of prices in accordance with law. They have requested that wholesale businesses issue unified receipts for wholesale commodity trade, and that retailers produce vouchers for inspection by market management personnel before entering retail sales markets in order to set the stage for price control.

Shenzhen city has used different price ratios for meat, vegetables, and other products as the effective means of stabilizing "vegetable basket" prices. The purchase-to-wholesale and wholesale-to-retail price ratios for fresh meat are pegged at 8.5 percent and 12 percent, respectively, by the city, which also uses the price ratio method to manage large quantities of vegetables. The wholesale-to-retail price ratio for goods sold wholesale at below 0.70 yuan per 500 grams will be kept within the range of 100 percent, while those sold at more than 0.70 yuan at wholesale prices will be kept under 0.70 yuan per 500 g. By using a method that combines the use of wholesale-to-retail price ratios and the balancing of wholesale and retail sales, the city hopes to encourage peddlers to trade in medium and low-grade vegetables, and stabilize vegetable prices by supplying a wide variety of vegetables to the market. With the implementation of these measures, Shenzhen city has gradually changed the situation in "vegetable basket" markets from one where "people on the two sides cry while the middle men laugh," to one where "people on both sides are satisfied and the middle men make profits," so that producers, traders, and consumers can all get something out of the socialist market economy.

Guangxi Holds Fair To Auction Land-Use Rights

OW2911130694 Beijing XINHUA in English 1242
GMT 29 Nov 94

[FBIS Transcribed Text] Nanning, November 29 (XINHUA)—A fair to auction land-use rights, the first of its kind in China, was held in this capital of southwest China's Guangxi Zhuang Autonomous Region on Monday [28 November].

The transaction volume reached 482 million yuan (about 56 million U.S. dollars) -worth on the first day, with seven agreements signed.

The right of land use around the municipal government office buildings—a prime spot—was bought for 100 million yuan by a Hong Kong-based real estate company.

The fair, sponsored by the local government, will handle 96 projects, including the transfer or joint development of real estate projects and the development of basic urban facilities.

Businessmen from Canada, Thailand, the U.S., Malaysia, Singapore and Hong Kong attended the fair.

Hainan Leaders Exhibit Deng Xiaoping Pictures

HK2911124694 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 23 Nov 94

[FBIS Translated Excerpt] An exhibition of pictures of Deng Xiaoping was held in the Haikou gymnasium yesterday afternoon [23 November]. Provincial party and government leaders Ruan Chongwu, Yao Wenxu, Chen Yuyi, and Pan Qiongxiong cut the ribbon at the opening ceremony. [passage omitted]

The exhibition was presided over by Chen Yuyi, deputy secretary of the provincial party committee and secretary of the Haikou city party committee. On behalf of the provincial party committee and government, Governor Ruan Chongwu, secretary of the provincial party committee, welcomed the opening of this exhibition, saying: Comrade Deng Xiaoping is a leader respected and loved by the Chinese people of all nationalities. He is the general architect of China's reform and opening up. He has created the theory of building socialism with Chinese characteristics, and formulated a series of strategic decisions on developing special economic zones. The pictures exhibited here [words indistinct] and display his boldness in the political, economic, military, diplomatic, and cultural fields.

Ruan Chongwu continued: Comrade Deng Xiaoping is quite concerned about Hainan's construction. In the initial period of Hainan's reform and opening up, he had already put forward the strategic idea of speeding up Hainan's development and establishing the Hainan Special Economic Zone. Since the establishment of Hainan Province six years ago, practice has proved that Comrade Deng Xiaoping's decision was farsighted, wise, and correct.

Ruan Chongwu said: This exhibition enables the Hainan people to more profoundly understand the importance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, so as to widen the scope of opening up and further display their strong points. We must further study Volumes 1, 2, and 3 of the "Selected Works of Deng Xiaoping," as well as his theory of building socialism with Chinese characteristics. [words indistinct]

Hubei Secretary on Leading in Fighting Corruption

HK2911141694 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 27 Nov 94

[FBIS Translated Text] When listening to the report on anticorruption work today, provincial party secretary Guan Guangfu stressed that leaders should take the lead in fighting corruption and encouraging honesty, do more education, and intensify the handling of key cases. Guan Guangfu said: The key to conducting the struggle against corruption lies in carrying it out perseveringly. In the

next step of anticorruption work, we should concentrate on the following four aspects:

1. To persist in carrying out the struggle against corruption, we should rely on education and the legal system, carry education among party members through the whole process of the struggle against corruption so that they are always warned of the danger of being corrupt, continuously improve the quality of party-member cadres through education while vigorously promoting a healthy atmosphere, achieve phased results, and pile up small victories into a big one.

2. We should maintain that leaders should take the lead. Leading cadres at all levels should take the lead in being honest and self-disciplined; should thoroughly implement the central authorities' two five-point regulations; should perform official duties diligently, honestly, and conscientiously; and should bring into full play their role as models. They should dare to take charge of matters within their authority; manage well the localities and departments under their jurisdiction; and teach their own children, relatives, and working personnel to behave well. In inspecting and arranging work, they should pay equal stress to economic and anticorruption work, and on no account should they stress the former while neglecting the latter.

3. It is necessary to intensify the handling of key cases, and to accelerate the pace in handling those key cases already on file. Party and government leading comrades should personally attend to their handling, and should strengthen leadership and help the departments concerned overcome obstructions.

4. Party committees and governments at all levels should support the work of discipline inspection, procuratorial, and judicial organs. As the task of enforcing discipline and laws is heavy, they should become the powerful backing of the latter in enforcing discipline, handling cases, and correcting unhealthy practices, and should safeguard the inviolability of party discipline and the legal system while helping these organs solve some practical problems.

Guan Guangfu said: New Year's Day and the Spring Festival are approaching. Localities and departments should raise an early warning so as to prevent all forms of unhealthy practices from emerging, and should encourage clean and honest celebrations of New Year's Day and the Spring Festival so as to consolidate what has been achieved in the anticorruption work in the previous period.

Before this, Guan Guangfu, Hui Liangyu, Ding Fengying, Liu Rongli, Deng Guozheng, Huang Yuanzhi, and comrades in charge of the provincial discipline inspection commission, the office of the provincial party committee, the office of the provincial government, the policy research office of the provincial party committee, and the provincial supervision department had listened to the report submitted by the provincial anticorruption

inspection group on the inspection of anticorruption work, affirmed the group's work, and offered solutions to the problems discovered by the group.

Hunan's Booming Livestock, Aquatic industry Noted

OW3011035894 Beijing XINHUA in English 0319
GMT 30 Nov 94

[FBIS Transcribed Text] Beijing, November 30 (XINHUA)—Yueyang city in central China's Hunan Province has reported another bumper year in its animal husbandry and aquatics raising this year.

Statistics show that the city's output in this sector was equivalent to 42.4 percent of its agricultural output last year.

Its output of aquatic products, near Dongting Lake, has been the highest in the province for six consecutive years since 1988, representing 20 percent of the province's total annually.

Poultry and meat recorded high output during the January-September period this year, up 14.5 and 43.2 percent respectively over the same period of last year.

Farmers' earnings from the breeding and aquatics industry this year are expected to account for more than 55 percent of the total income, a rise of four percentage points over last year.

In the coming year, the output value from the city's breeding and aquatics industry is expected to reach three billion yuan, over half of its total agricultural output value.

Southwest Region

Sichuan Secretary Urges Rapid Economic Development

HK2911124794 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 25 Nov 94

[FBIS Translated Text] When conducting investigation and study in Liangshan Autonomous Prefecture recently, provincial party Secretary Xie Shijie set requirements on party and government cadres at all levels throughout the prefecture. He said: Achieving a well-to-do standard of living is a big objective. There is still a lot of work awaiting us. The burden is heavy and the road is long. All of us should get better united, pool our wisdom and ideas, and make solid efforts to promote the rapid economic development of minority nationality areas.

In Liangshan, Xie Shijie inspected agricultural production in Anning and Yanyuan Counties, as well as the Kangxi copper smelting plant, the Xichang cigarette factory, and urban construction in the city of Xichang. He also listened to the work reports submitted by Dechang County, Xichang, and the prefectural party

committee and government. He expressed satisfaction with the economic and social development achieved by the prefecture, and fully affirmed the hard work done by the broad masses of cadres and people throughout the prefecture.

At the same time, he pointed out the existing problems and where they fall short. He urged the whole prefecture to make persistent efforts to clear the way to forge ahead and to promote the sustained, rapid, and healthy development of Liangshan's economy. He said: The ideology guiding economic development which was set out by Liangshan Autonomous Prefecture on the basis of explorations and research over the last few years is correct, and the ways of developing the economy are clear. What counts is making great efforts to put them into practice in a down-to-earth manner, with the stress on practical results.

In terms of the overall situation, we should: 1) Beef up agriculture, the foundation of the national economy, so as to ensure that everyone has enough food to eat; 2) Energetically develop industry so as to support the economy as a whole; 3) Pay close attention to the work of supporting the poor, and solve the problem of food and clothing before achieving a well-to-do standard of living; 4) Promote exploitation by opening up, and promote development with exploitation.

Tibet Government Holds Extended Plenary Session

OW2911163294 Lhasa Tibet Television Network in Mandarin 1200 GMT 23 Nov 94

[Announcer-read report over video; from the "Regional News Hookup" program]

[FBIS Translated Text] The autonomous regional people's government held an extended plenary session in Lhasa on 22 November. Yang Chuantang and Gyamco, executive vice chairmen of the autonomous regional government; Luosang Toinzhub, Laba Pingcuo, and Cering Zhuoga, vice chairpersons of the autonomous regional government; and chief responsible persons from relevant departments and bureaus, attended the session. Vice Chairman Yang Chuantang chaired the session.

During the session, Gyamco, executive vice chairman of the autonomous regional government, delivered an important speech based on the guidelines of the 14 November government meeting on analyzing the economic situation and on the 18 November joint party-government meeting. He said: This year, both regional development and changes in the people's thinking have proceeded at the fastest pace in the region's history. Demonstrating strong motivation and a unity of thinking, people across the region have made arduous pioneering efforts. The region has enjoyed stability, and its people's living standards have improved fairly rapidly. The region, whose total output value of goods and services is expected to exceed 4 billion yuan this year,

can attain the goal of increasing its total output value of goods and services by 8 percent—a goal set at the beginning of the year. The per capita net income of peasants and herdsmen will amount to some 550 yuan.

Vice Chairman Gyamco said: Judging by the situation from January to October, the region's economic performance is mainly reflected in the following ways: 1) Despite various natural disasters, the economic sector based on agriculture and animal husbandry has registered sustained and steady growth. 2) By tapping potential, carrying out technical transformation, strengthening management, and pursuing reform in a market-oriented context, the industrial sector has recorded simultaneous growth in output value, sales revenues, taxes, and profits. 3) State-owned communications and transportation enterprises have taken an active and leading part in competing in the market, and continued to play their role as a main force. 4) Smooth progress has been made in infrastructure construction, and projects launched in commemoration of the autonomous region's founding have gotten off to a good start. 5) Rural and urban markets have flourished, with brisk buying and selling activity. 6) New progress has been made in foreign economic relations, foreign trade, and lateral ties, giving rise to a new pattern of opening up wider to the outside world. 7) Financial revenue has increased, and the banking sector has operated efficiently. 8) Significant steps have been taken in economic reform, with the introduction of one reform plan after another and the gradual adoption of relevant supplementary measures. 9) The effort to improve all facets of public order has moved onto the normal track, and has intensified gradually. 10) Various social services—educational, scientific, technological, cultural, public health, and family planning—have developed soundly and made new headway.

Vice Chairman Gyamco also pointed out the main difficulties and problems in this year's economic work, and also made concrete plans for priority economic tasks in this winter and next spring. Moreover, he outlined the basic ideas for next year's government work.

At the closing of the session, Vice Chairman Yang Chuantang set three demands for all delegates to the session. First, he urged them to apply the guidelines of the third forum on work in Tibet to their overall tasks. Second, he urged them to single-mindedly carry out economic construction. Third, he urged government functionaries to step up their efforts to study various issues.

Danzim at Tibet Spiritual-Civilization Meeting

OW3011051294 Lhasa XIZANG RIBAO in Chinese 17 Nov 94 p 1

[Article by XIZANG RIBAO reporter Bai Juan (4101 1227): "The Autonomous Region's First Work Meeting on the 'Five-A Project' Opens"]

[FBIS Translated Text] The Tibet Autonomous Region's first work meeting on the "Five-A Project" for promoting spiritual civilization opened in Lhasa 16 November. Li Weilun, vice chairman of the autonomous regional people's congress standing committee, and over 50 leaders, experts, and scholars who work on the autonomous region's propaganda, cultural, and theoretical fronts attended the meeting yesterday.

Danzim, deputy secretary of the autonomous regional party committee and head of the autonomous regional leading group for planning the "Five-A Project," presided. He said: This meeting aims to promote culture, art, and spiritual civilization in the region; further unify our thoughts; and arouse our will to fight. By promoting awareness about the importance of refined works, and by focusing on the "Five-A Projects," the important meeting also strove to produce more excellent works and individuals in our region's propaganda, theoretical, cultural, and art circles.

At the opening ceremony yesterday, Huang Yusheng, deputy director of the autonomous regional party committee propaganda department, relayed the guidelines of a 1993 national meeting hosted by the CPC Central Committee Propaganda Department on "Five-A Project" implementation. By keeping in mind the meeting's guidelines and the realities of our region's propaganda and ideological fronts, Du Tai, executive deputy director of the autonomous regional party committee propaganda department, reviewed and summed up our region's achievements in implementing the "Five-A Project" for promoting spiritual civilization over the past three years or so.

Comrade Du Tai said: The CPC Central Committee Propaganda Department proposed and launched the "Five-A Project" for promoting spiritual civilization in 1991. With the autonomous regional leading group for planning the "Five-A Project," the autonomous regional party committee propaganda department and experts and scholars from the region's literary, art, and theoretical circles industriously implemented the "Five-A Project" in our region over the past three years or so. They planned and created excellent works that reflect ethnic characteristics and the ethos of the times, enjoy some prestige in and outside the autonomous region, and are widely welcomed and acclaimed by the broad masses of the people. For example, Comrade Fan Xiangdong's article, "A Good Team and a Good Team Leader," won an award as a finalist in the 1991 "Five-A Project" competition hosted by the CPC Central Committee Propaganda Department. "Life in a Mill," "Kejia Marriage Customs," and four other episodes from a 12-part TV documentary, "Tibet Series," produced by Ma Lihua, Jia Cuo, and other comrades, also won similar awards from the CPC Central Committee Propaganda Department.

Comrade Du Tai pointed out: Although we had a good start in implementing the "Five-A Project" for promoting spiritual civilization, we still lag far behind other

fraternal provinces and autonomous regions in the country. He hoped all relevant departments would further heighten their awareness about the importance of implementing the "Five-A Project," strengthen their leadership, make unified planning, painstakingly organize things, and focus on implementation. He hoped that they would draft an annual plan, as well as mid- and long-term plans, for implementing the "Five-A Project" in our region after studying and discussing the issue with experts and scholars from all quarters to ascertain their objectives and projects, and that they would ensure the completion of high-standard projects by adopting such means and methods as measuring progress, fixing responsibilities, and setting certain standards for contracting units. On the direction of the "Five-A Project," Du Tai pointed out: When we implement the "Five-A Project" to produce nourishment for the mind, we should begin by stressing the effects of being "direction-oriented." We should publicize correct ideals, beliefs, and outlooks on life and values in a clear-cut manner; and diligently create healthy, rich, and varied works to nourish the minds of the broad masses of the people. In addition to reflecting the main themes of the times, such works should also represent a popular art form that vividly portrays local color.

It was revealed that the autonomous region has decided to set aside 800,000 yuan annually for the "Five-A Project" to show its support, and would increase the amount as its economy develops.

Yunnan Secretary, Governor on Local Enterprises

HK2911141594 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 25 Nov 94

[FBIS Translated Excerpt] A provincial meeting on town and enterprises opened in Chengjiang County yesterday to discuss whether town and township enterprises can maintain a 40 percent annual growth rate in the coming years and top 100 billion yuan in 1997.

Pu Chaozhu, secretary of the provincial party committee, made an important speech at the meeting's morning session, saying: This year, the increase in the total income of Yunnan's town and township enterprises is estimated at 72 percent, to stand at 35 billion yuan. In terms of absolute value, this is less than one-tenth the income of town and local enterprises in coastal provinces. Therefore, if we wish to narrow the gap, increase the peasants' income, and bring about moderate prosperity, we must take the development of town and local enterprises as a strategic focal point in our rural work. [passage omitted]

Pu Chaozhu asked departments at the provincial and Kunming city levels to pay attention to improving state-owned enterprises on the one hand, and to developing town and local enterprises on the other. Prefectural and county authorities must pay attention to agricultural production on the one hand, and to developing town and local enterprises on the other. With the exception of

major projects under state planning, the focus of work must switch to developing town and local enterprises. [passage omitted]

Pu Chaozhu pointed out: There are two points ensuring a rapid growth rate for town and local enterprises. The first is leaders' firmness and unrelaxedness; the second is policy stability. He stressed: Deepening reform serves as an impetus for expediting the development of town and local enterprises. Through experimentation, we will introduce the shareholding system to town and local enterprises. Mountainous, ethnic, and economically backward areas must be boldly encouraged to develop private or individual enterprises, with the comprehensive implementation of the policy of common development of different economic sectors by taking public ownership as the main component. The growth rate of the private and individual economic sectors must not be restricted. [passage omitted]

In addition, skilled personnel, and science and technology must be put in the first place in developing town and enterprises. Different channels must increase the capital investment of town and enterprises. We must use reform to stimulate development so that Yunnan's town and enterprises develop in a sustained, rapid, and healthy manner.

In conclusion, Pu Chaozhu stressed: To bring about a leap in the rural economy, the work style of leading institutions at all levels must be improved. Cadres must go to the grass roots to help them with these five jobs: First, they must organize the cadres and masses there to study and propagate the theory of building socialism with Chinese characteristics; second, they must set off an upsurge of building farmland irrigation projects; third, they must make a breakthrough in popularizing science and technology; fourth, they must boldly encourage the development of town and enterprises; and fifth, they must help improve grass-roots organizations with party branches as the core. The provincial party committee has decided to send three groups, totaling 10,000 cadres at the county level and above, to the rural areas within two years so as to help rectify 13,467 government institutions and offices throughout the province. [passage omitted]

Governor He Zhiqiang, deputy secretary of the provincial party committee, made a speech at the meeting's afternoon session, pointing out the need to expedite the development of Yunnan's town and enterprises under the conditions of the socialist market economy. In his speech, He Zhiqiang confirmed the gratifying achievements of town and enterprises through years of efforts. Town and local enterprises are occupying a more and more important position in the rural economy and in the national economy as a whole. They have made tremendous contributions to economic prosperity and to the stability of our borders.

He Zhiqiang expressed several views on how to expedite the development of town and enterprises under the conditions of the socialist market economy. First, five

concepts must be established in mind: the concept of taking town and local enterprises as the main component of the national economy; the concept of common development of different economic sectors; the concept of training personnel in various ways; the concept of catering to domestic and international markets; and the concept of seizing the opportunity to make further progress.

Second, three convergences must be practiced in work: convergence with the macro industry, convergence with macro science and technology, and convergence with the macro market.

Third, three combinations must be exercised in development: combination between urban and rural areas, combination between standardization and short-term development, and combination between agriculture, industry, and commerce.

Fourth, policy support must continue to remain effective. [passage omitted]

North Region

Inner Mongolia People's Congress Appointment Decided

SK3011072894 Hohhot NEIMENGGU RIBAO in Chinese 20 Nov 94 p 2

[Decision adopted at the 11th standing committee meeting of the eighth Inner Mongolia Autonomous Regional People's Congress on 19 November]

[FBIS Translated Text] It was decided to appoint Guo Minglun [6753 2494 0243] as director of the Inner Mongolia Autonomous Regional Commission for Restructuring the Economy and Meng Aizhen as director of the Inner Mongolia Autonomous Regional Labor Department.

Inner Mongolia Appoints Wang Zhan as Vice Chairman

SK3011072594 Hohhot NEIMENGGU RIBAO in Chinese 20 Nov 94 p 1

[Decision approved at the 11th standing committee meeting of the eighth Inner Mongolia Autonomous Regional People's Congress on 19 November]

[FBIS Translated Text] The 11th standing committee meeting of the eighth Inner Mongolia Autonomous Regional People's Congress decided to accept Comrade Zhao Zhihong's request for resigning from the post as vice chairman of the Inner Mongolia Autonomous Region. This will be reported to the third session of the eighth Inner Mongolia Autonomous Regional People's Congress for the record.

It was decided to appoint Wang Zhan as vice chairman of the Inner Mongolia Autonomous Region.

Development Zone Links Tianjin With Outside World

*OW301115594 Beijing XINHUA in English 0859
GMT 30 Nov 94*

[FBIS Transcribed Text] Tianjin, November 30 (XINHUA)—With the help of a development zone, Tianjin, a port city and manufacturing center in north China, has scored success in linking itself with the outside world.

The Tianjin Economic and Technological Development Zone, which was founded 10 years ago, is now a home for some 2,000 foreign-funded firms, 78 with investment of over ten million U.S. dollars each.

Of the 52 multinationals which have already gained footholds in Tianjin, 12 are among the world's top 100 corporations, including Motorola, Coca-Cola and Dupont of the United States, Nestle of Switzerland, SEW of Germany, and Samsung and Daewoo of the Republic of Korea.

Following the suit of these leading companies, other overseas investors have flocked to Tianjin to try their luck.

Over four billion U.S. dollars have flown into the development zone.

Accompanying the foreign investment is advanced technology.

Enterprises installed with world-class equipment have been built to manufacture electronic and biological products.

Local factories have upgraded their technology levels through supplying parts and accessories to foreign-funded enterprises in the development zone.

The Zhonghuan Sanjin Company, a joint venture with Hong Kong entrepreneurs, made the first electronic picture screen for China, and provides key parts fitting international standards for meters and instruments produced by about 60 Chinese firms.

The development zone is a window on the outside world.

To strengthen the relations between Tianjin and the outside world, the zone has set up representative offices in the United States, Japan and Singapore.

While holding on to China's market, the ventures in the zone are eager to get shares of the world market.

The Tianjin Samsung Electronics Co. Ltd, sponsored by the Samsung Corporation and the Tianjin Communications and Broadcasting Company, has received orders of 120,000 videocorders from Australia, the United States and Germany.

The Tianjin Samsung has decided to sell 70 percent of its products abroad from now on, as against 50 percent in the past.

Modern management methods have also taken root in the development zone.

The committee responsible for the development of the zone has always worked in accordance with international practices, never interfering in the business activities of the zone.

What is more, enterprises mired in difficulties know they will not be disappointed when they seek a helping hand from the committee.

Now many joint ventures are managed by Chinese partners, because foreign partners are sure that high economic efficiency of investment has been guaranteed by Chinese managers' efforts.

The management in the zone has been highly appreciated by foreign investors.

Ceremony for Tianjin Telephone Network Held 29 Nov

*SK3011083594 Tianjin People's Radio in Mandarin
2300 GMT 29 Nov 94*

[FBIS Translated Text] On the morning of 29 November, a ceremony was held in Beijing to sign the contract on building the Tianjin Municipal digital mobile telephone network with investment by the Chinese United Communications Corporation. This network will provide a new partner for mobile telephone facilities and will terminate the postal and telecommunications departments' monopoly on the postal and telecommunications business. Zhao Weichen, chairman of the Chinese United Communications Corporation, and Li Huiwen and Zhang Guanwen, standing committee members of the municipal party committee and vice mayors of Tianjin, attended the signing ceremony.

The Chinese United Communications Corporation is China's first non-postal and non-telecommunications enterprise granted the power of dealing in the telecommunications business with the approval of the State Council. Total investment for this digital mobile telephone network which Tianjin build and invest in, is expected to reach 200 million yuan in Renminbi. The latest mobile communications technology and digital transmission system in the world will be applied for this network. This network will be completed and made available in May next year before the commencement of the 43d World Table Tennis Championships. This network will also be linked with the Beijing, Guangzhou, and Shanghai wireless telephone automatic roam [many you].

Northeast Region

Service Industry 'Driving Force' in Liaoning Economy

*OW3011073194 Beijing XINHUA in English 0719
GMT 30 Nov 94*

[FBIS Transcribed Text] Shenyang, November 30 (XINHUA)—The service industry has become a new driving

force behind economic development in northeast China's Liaoning Province, traditionally a heavy industry base.

Statistics show that in the past 15 years the service sector in the province has enjoyed an annual growth rate of 13.6 percent.

At present, 26.8 percent of workers are engaged in this sector, compared with 18 percent in 1978.

In 1993 the output value of the service industries reached 50 billion yuan, nearly 36 percent of the total gross product of the province.

Since the reform and opening policy was adopted in the province, the local government has accelerated the development of the service sector.

A provincial transport and telecommunications network has been set up with the construction of a batch of key projects, such as the Shenyang-Dalian Expressway and an automatic telephone exchange network.

The province is witnessing flourishing markets. Besides markets for means of production, many other kinds of markets have been set up, including labor, technology and money.

The finance and insurance sector is surging in the province. Last year bank deposits reached 161 billion yuan while loans rose to 200 billion yuan.

Meanwhile, education and culture have enjoyed great progress in the last decade.

However, local economists admit that the information industry and high-tech industry account for only a small part of the value of the service sector.

'High-Level Team' To Investigate Liaoning Fire

HK3011065494 Hong Kong SOUTH CHINA MORNING POST in English 30 Nov 94 p 1

[By Cheung Po-ling and agencies]

[FBIS Transcribed Text] An entrepreneur who rented a dance hall in northeastern China has been detained after 233 people, mostly students, were suffocated by smoke or poisonous fumes when the building caught fire. The manager and a handful of other customers narrowly escaped the fire which destroyed the Yi Yuan Song and Dance Hall at Fuxin, in Liaoning province, at about 1.30 pm on Sunday. Another 16 people were injured, some of them suffering serious burns. The manager had rented the hall from a local government work unit.

A high-level team which includes Chinese Deputy Minister of Public Security Bai Jingfu, has been set up to investigate the country's most deadly blaze in 15 years. Fourteen fire engines and 85 firemen took only eight minutes to control the fire but that was not fast enough to prevent the huge death toll. Fuxin firemen received

the alarm at 1.37 am and reached the scene, two kilometres away, within five minutes, a local fire official said.

Most of the 132 men and 101 women victims were reported to have suffocated in heavy smoke or were poisoned by the fumes emitted by burning building or decoration material. The blaze spread so rapidly that only a few were able to escape, officials said.

Beijing's Fire Fighting Bureau said the blaze was the worst since a cinema fire in northwestern Xinjiang province claimed more than 600 lives in 1979. "Perhaps the main reason why the people could not escape was because of the smoke and noxious fumes," said one official. When the fire broke out, the single-storey dance hall was packed with students relaxing for the weekend. Beijing has blamed greedy businessmen who have neglected proper safety precautions for the spate of fire accidents in recent years.

Sources in Fuxin said after the fire was extinguished, provincial leaders led by Liaoning Governor Wen Shizhen, had rushed to the site. Beijing also sent Mr Bai to investigate the cause of the disaster. Others on the investigating team were a deputy director of Beijing's Fire Fighting Bureau and at least one vice secretary-general of Liaoning, sources said.

According to a report in the Fuxin Daily yesterday, the central authorities of the State Council, the Chinese Communist Party and the Liaoning Provincial Government have expressed utmost concern about the fire. It was unclear whether this meant that more senior central government officials would be assigned to the investigation.

Journalists in Fuxin said they had been told by witnesses that the fire was caused by an electrical fault. The 3,000-square-foot building was destroyed, leaving only some of the wooden frame and window frames intact.

Chief of Fuxin's biggest hospital, Han Yutian, said all seven injured victims delivered there were being treated for burns. None showed signs of inhaling poisonous fumes. "Their condition is stable so far and I believe they will recover," Mr Han said adding that Governor Wen had already visited the patients.

It was not immediately known if emergency exits at the dance hall were adequate or accessible. Despite repeated campaigns in the official media urging greater attention to safety precautions, most discos, cinemas, theatres and workshops—especially in inland regions—fail to meet even basic safety standards. The fire in Fuxin follows a similar blaze two weeks ago that roared through a nightclub in Changchun capital of neighbouring northeastern Jilin province, killing two people.

According to official figures, fires in China killed 1,325 people in the first nine months of this year, causing a direct economic loss of some 750 million yuan (HK\$681 million).

Northwest Region

Food Program Project 'Going Well' in Ningxia

OW3011120194 Beijing XINHUA in English 0849
GMT 30 Nov 94

[FBIS Transcribed Text] Yinchuan, November 30 (XINHUA)—A "help the poor and improve the environment" project which has received gratis aid from the World Food Program (WFP) is going well in northwest China's Ningxia Hui Autonomous Region.

According to local officials, the five-year project, which covers Guyuan, Pengyang and Longde counties, was ratified by the WFP in June 1993 and started in May 1994. The WFP will supply 80,528 tons of wheat and China will contribute 77 million yuan.

By the end of September this year, China had supplied on behalf of the WFP 10,000 tons of wheat and more than ten million yuan.

Before the project started, 13 townships in the three counties covered by the project reported a per capita grain output of 194 kg and a per capita net income of 133 yuan.

The project is aimed at improving their production conditions and the environment, and increasing farmers' incomes through building water-conservancy projects, planting trees and grass, improving the quality of drinking water, building roads, offering technological training, fighting illiteracy and developing agriculture.

So far, 3,666 ha of waterlogged land has been developed, 15 reservoirs repaired, 5,585 ha of water-conservancy forest and 3,685 ha of grass planted, 1,092 wells dug and 47,667 farmer-technicians trained.

Now the per capita net income in the areas has risen from 133 yuan a year to 318 yuan, and the per capita grain output from 194 kg a year to 370.5 kg.

To guarantee the smooth implementation of the project, the provincial government has organized a special executive committee consisting of 603 experts.

Qinghai To Air Radio, TV Programs Via Satellite

HK2411091594 Xining QINGHAI RIBAO in Chinese
30 Oct 94 p 1

[By reporter Xin Guangwu (6580 0342 2976): "Construction of Qinghai Radio and Television Satellite Ground Terminal Completed"]

[FBIS Translated Text] The construction of Qinghai Radio and Television Satellite Ground Terminal, which is situated in the southern outskirts of Xining City, has been completed. A ceremony to mark the completion of the project was held on 28 October. Leading cadres, including [provincial Governor] Tian Chengping, Yao

Xiangcheng, Feng Mingang, Yang Maojia, and persons responsible for the propaganda department of the provincial party committee and pertinent units attended the ceremony.

The transmission footprint of the satellite radio and television station covers a large area and is directed at a number of places. Moreover, the frequency band of the satellite broadcast is wide, the information capacity is large, the specific property of the signal is stable, and the broadcast quality is good. After the successful completion of Qinghai Radio and Television Satellite Ground Terminal, which took more than a year to build, it will transmit Channel-1 television programs from Qinghai Television Station and two radio programs from Qinghai Broadcasting Station to the satellite in a synchronous orbit 36,000 km above the equator. The station will also receive signals transmitted from this satellite and exchange programs with the central station in Beijing and other radio or television stations with ground terminals in the various provinces and autonomous regions. The testing of a large satellite loop in Qinghai ground terminal on 24 October showed that various technical targets and image quality accorded with the relevant standards set by the state and the station passed the procedures of examination and acceptance conducted by the provincial planning commission on 26 October.

Pending the lease of a transponder on Dongfanghong No. 3 Satellite, which will be launched at the end of this year and put into use in the first quarter of 1995, Qinghai Satellite Radio and Television Ground Terminal will formally go into operation. By that time, the entire Qinghai Province, various places throughout the country, and even the Southeast Asian region can use satellite ground reception facilities to listen to or watch the programs from Qinghai stations. This will considerably enlarge the coverage of television and radio broadcasts in Qinghai and, at the same time, further propagate Qinghai at home and abroad with the aid of satellites.

Agricultural Project Stimulates Xinjiang Economy

OW2911141994 Beijing XINHUA in English 1336
GMT 29 Nov 94

[FBIS Transcribed Text] Urumqi, November 28 (XINHUA)—A comprehensive agricultural project involving a World Bank [WB] loan has generated good economic returns three years after having been put into operation in the Xinjiang Uygur Autonomous Region.

The project which is aimed at improving hydroelectric power, farming, animal husbandry, and environmental protection in the region's Tarim Basin, involves a total of 125 million U.S. dollars in world bank loans, making it the largest agricultural project involving foreign investment in north China.

Since the first phase of the project began in 1992, 728,000 mu (48,530 hectares) of wasteland have been

reclaimed, 910,100 mu of low-yield land have been transformed, a hydro-electric power station has been built, and 373.5 kilometers of irrigation ditches have been dug or improved. In addition, a large number of farm-machinery, agro-tech, and animal husbandry stations, training centers, and ecological monitoring stations have been set up. An emergency water supply has been supplied to oases and virgin forests along the lower reaches of the Tarim River.

Experts said that the project, which has taken five years to complete, has improved farming and ecological conditions in the Tarim Basin remarkably. As a result, cotton output has risen from 40 kilograms per mu to 80 kilograms, and grain output from 117 kilograms to 135 kilograms. The improvement of irrigation facilities has saved tens of thousands of yuan.

It was reported that World Bank officials have spoken highly of the results.

Report on ARATS-SEF Nanjing Talks

OW2911145194 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 27 Nov 94

[From the "News and Current Events" program]

[FBIS Translated Text] Dear listeners and friends, the talks between the Association for Relations Across the Taiwan Strait [ARATS] and Taiwan's Straits Exchange Foundation [SEF] in Nanjing ended on 27 November. Both sides conducted comprehensive negotiations on three topics, including the repatriation of hijackers, and made certain progress, but they failed to reach a final consensus and sign a draft agreement. The following is a report filed by this station's special correspondent Tian Wen from Nanjing:

[Begin recording] [Tian Wen] Dear listeners and friends, the ARATS and the SEF conducted comprehensive negotiations in Nanjing today on three topics, including the repatriation of hijackers, the repatriation of personnel entering into the territory of the other side in violation of relevant regulations and related matters, and the handling of fishing disputes between the two sides of the Taiwan Strait. Both sides were unable to reach a final consensus due to differences and failed to sign a draft agreement on the three topics. In the afternoon, they held negotiations on procedures for mediating and handling fishing disputes and discussed every clause, but failed to reach a consensus on whether to include the procedures for mediating and handling fishing disputes as an appendix in the agreement or to finalize them together with the agreement through negotiations. The ARATS-SEF talks in Nanjing regrettably ended at this point without reaching a consensus on the issue. Generally speaking, the ARATS and the SEF made certain progress in their Nanjing talks on the three topics. They did a concrete and careful job in the arrangement of wording and the discussion of text [of the draft agreement] to be decided. With regard to specific procedures for the registration of duplicates of notarized documents, they reached a consensus on the registration of four kinds of duplicates of notarized documents—tax payment records, medical records, certificates of profession, and records of formal schooling—and, thus, produced concrete results. In this connection, Mr. Xu Huiyou [Hsu Hui-yu], deputy secretary general of the SEF, said:

[Xu Huiyou] Though we adopted a most flexible attitude during discussions of the wording on the basis of our previous consensus and made a little progress, it was such a pity that we were unable to reach a final consensus. Of course, this is regrettable. However, I think we have the solution for the problem as well as the framework and that we deliberated on the wording to a certain extent. We should be able to solve the problem in the near future. As a Taiwanese saying goes, after a baby's head squeezes through the opening in child birth, the rest of its body will pass through it without further difficulty. I think we are not in a hurry now, but we hope to be able to smoothly decide on the text in the next round of talks.

[Tian Wen] Both sides reached a consensus on the specific wording during their talks in Taipei [Taipei] in August this year and issued a joint press release. The peoples on both sides of the Taiwan Strait and personalities of various circles have great expectations of the discussion of the text to be decided during the current talks. However, during the negotiations, the SEF put forward some opinions not in conformity with the guidelines of the consensus reached during the Taipei talks, resulting in the failure to sign a draft agreement. In this connection, Sun Yafu said:

[Sun Yafu] The SEF put forward a new proposal on applying relevant provisions concerning the repatriation of hijackers in the cases of other criminals and criminal suspects. The proposal was not in line with the previous consensus reached between the two sides. The SEF also suggested additional wording over the role of official vessels at the scene of fishing disputes. This also ran counter to the consensus reached in Taipei [Taipei]. Differences also existed over a few other clauses.

[Tian Wen] In discussing the three issues, the ARATS has always considered the actual interests of the people on both sides of the strait. For instance, the proposal on repatriation of hijackers whose offenses happened before the agreement takes effect was completely for the aviation safety of both sides and for the protection of passengers' lives and property. Moreover, the ARATS has made it clear with the greatest sincerity that the time spent by hijackers in detention in Taiwan may be deducted from their future sentences. On cross-strait express mail service, the ARATS proposed to include commodities for private use in the service, and the proposal was made also in consideration of the people's imperative needs on both sides of the strait. At the same time, the ARATS has repeatedly emphasized that before the two sides resolve their political issues, they should seek a form of expression acceptable to both sides in handling matters flexibly. For instance, on the role of official vessels at the scene of fishing disputes between the two sides, the joint press release of the Taipei talks contained the statement that if the scene of a fishing dispute is in the specified area of operation of one side's official vessel, the official vessel may take measures to preserve evidence; and the statement was precisely based on such a spirit. Now, the SEF has suggested the addition of the wording closer to shore. The suggestion is evidently out of a political consideration, and it has changed the spirit of the consensus of the Taipei talks. We should say that the ARATS and SEF are authorized organizations, the consensus reached between them is authoritative, and it should be respected and upheld. If the consensus is changed at will by one side, more twists and turns will be created in the work of the two organizations and they will be unable to resolve promptly any practical problems in the exchanges between the two sides, just as Mr. Sun Yafu has said.

[Sun Yafu] On the talks between the two responsible persons, we have always advocated joint efforts to promote them. After so many talks were held, I think that

the talks have matured, yielding fairly great effects and very comprehensive influence. The talks have aroused the attention of all quarters. This is obvious to all and should be affirmed. The consensus reached between the two responsible persons should be respected. In fact, even the consensus reached between them at the Beijing high-level talks in February this year should have been respected. However, some circumstances, which we do not want to see, happened. Greater progress has been made this time than before, as a consensus has been reached. We may call it a concrete wording consensus, and it is also authoritative because both sides are authorized to meet. The consensus should be respected. We hope to prepare documents on the basis of the consensus henceforth. If any problems happen, they may be resolved by the two responsible persons.

[Tian Wen] The ARATS-SEF talks in Nanjing have come to a close. We believe that the two organizations will continue to keep in touch. The three issues will be resolved and the two organizations will make positive contributions to promoting cross-strait exchanges so long as the two sides conduct the talks truly in a spirit of mutual respect, negotiation on an equal footing, taking a realistic approach, and seeking common ground while reserving differences. [end recording]

'Failure' of Cross-Strait Talks Explained

HK3011102494 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1231 GMT 27 Nov 94

[("Special dispatch" by reporter Li Xiaozun (2621 1321 6150); "The Crucial Reason Behind the Failure of Cross-Strait Nanjing Talks, and the Way Out"]

[FBIS Translated Text] Nanjing, 27 Nov (ZHONGGUO TONGXUN SHE)—Despite six days of efforts and compromises on both sides, the sixth round of routine cross-strait talks on deciding the texts of the three agreements on issues such as the repatriation of hijackers, failed to make it past the finish line—even though it was just one step away. This could only make people feel very regrettable and is also food for thought. The people do not understand why—after the two sides systematically accumulated achievements over the past year and after the leaders of the two organizations reached a consensus on the wording of the three agreements at the Taipei talks this August—the work of deciding and signing the texts of the three agreements failed at the last minute instead of coming to fruition. Where does the crucial reason lie?

The cross-strait talks on the repatriation of hijackers, the repatriation of "illegal immigrants," and fishing disputes have reached the sixth round since the first round was held in Beijing last year. In the first five rounds of talks, both sides gradually narrowed differences, and when Tang Shuei, executive vice chairman of the Association for Relations Across the Taiwan Strait [ARATS] met Chiao Jen-ho, vice chairman and secretary general of the Strait Exchange Foundation [SEF], during talks in

Taipei this August, differences were removed and a consensus was reached on the wording to turn the three agreements into reality. Therefore, if both sides could abide by the consensus, respect it, and use it as the basis for finding a style acceptable to both sides when choosing words to express the agreements, then it would have been possible to use the opportunity arising from the Nanjing talks to decide the texts of the agreements and sign them, and this was what was expected by all the Chinese at home and abroad who care about the development of relations across the two sides of the strait. Regrettably, however, it happened that obstacles were met and new problems emerged precisely in the area of the consensus reached at the Taipei talks, which had maintained trust between the two sides and promoted discussions on deciding the texts of the three agreements.

At the first round of discussion on the texts during the talks this time, ARATS reiterated that the consensus reached at the Taipei talks by the leaders of the two organizations should be precisely followed to fix the texts of the agreements; SEF also thought that the consensus between the two sides was still applicable and should be safeguarded. If this kind of atmosphere of mutual trust could have been maintained and efforts could have been made in line with this way of thinking, people would have had every reason to be "optimistic in waiting" for the decision on the texts of the agreements. However, during the second round of discussion on the texts of the three agreements, SEF raised some proposals which involved the question of whether criminals or suspected criminals should be repatriated according to the relevant regulations on repatriating plane hijackers, and added some words such as "nearer to shore" to the domain of operation by one side's official vessels in handling fishing disputes, but these proposals have implications involving political problems which the two organizations have not been able to settle and contradict the spirit of the consensus reached by the two organizations in August; therefore, new differences emerged between the two sides, and the process of consultation was hindered.

Of course, SEF viewed the ARATS proposal on the retroactive nature of the agreement on repatriating plane hijackers as a new issue which was not part of the consensus reached by the two organizations in August. In light of this, ARATS clearly explained that repatriating hijackers from both sides who committed hijackings before the agreement was reached had been the consistent demand of the mainland side, and, furthermore, judging from the ultimate purpose of the agreement, the goal of this measure is to severely crack down on the crime of hijacking planes. The mainland's ARATS reiterated that this stance is reasonable and has not created obstacles to the other side in terms of the wording of the agreement. Conversely, some new viewpoints raised by SEF had a semantic significance at a political level, and the chief negotiator from SEF did not deny this point and said that the two organizations should also address "political problems" during the routine talks. However,

speaking from the position that ARATS is only authorized to handle simple and nongovernmental issues between the two sides of the strait, naturally this is hardly acceptable.

The reason why the two organizations could remove differences during the past rounds of talks and make headway is twofold. First, because both sides adhered to the spirit of consultation based on "mutual respect, discussion on an equal footing, being practical, and seeking common ground while allowing differences" and refrained from imposing one's own political viewpoint upon the other side, who would only be able to accept it reluctantly. Second, both sides upheld mutual trust and maintained sincerity. Speaking from these two points, the new ideas proposed by SEF this time seem to contradict the above-mentioned spirit of understanding, and this is also one of the crucial reasons behind the talks' failure to produce results this time.

Certainly, both SEF and ARATS hope to settle as soon as possible these three issues, which have dragged on for a long time and which people on both sides of the strait would like to see resolved quickly. It was for precisely for this reason that the leaders of the two organizations reached the concrete consensus on removing differences and deciding the texts of the agreements during the Taipei talks in August this year. New problems and difficulties with political implications have emerged in the area of implementing the consensus reached by the leaders of the two organizations and in deciding the texts of the agreements; this naturally cannot be solved by talks at the deputy secretary general level between the two organizations. "Let he who tied the bell on the tiger remove it." Therefore, the mainland's ARATS suggested that the leaders of the two organizations who reached the consensus should first hold discussions to seek a solution, and this is undoubtedly the correct way of thinking as well as a practical and workable step.

Commentary Urges Direct Cross-Strait Air Links

OW3011080994 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 23 Nov 94

[Commentary by Ri Xin: "Direct Air and Shipping Links Between the Two Sides of the Strait Is an Economic Issue;" from the "News and Current Events" program]

[FBIS Translated Text] According to a report in the Taiwan press, Taiwan's Ministry of Transportation and Communications has begun studying matters related to direct cross-strait air and shipping links and will officially submit a proposal next year. This is a smart move that meets the desire of the people.

The Taiwan authorities still stick to a Cold War period way of thinking, and regard direct air and shipping links between the two sides of the strait as a political and security issue. As a result, Taiwan businessmen who have received approval to invest in the mainland, as well

as Taiwan tourists, must make a detour through a third country or region to go to the mainland. In 1993, cross-strait trade via Hong Kong exceeded \$15 billion, and in the first nine months of 1994, the volume of cross-strait trade exceeded \$10 billion. As Taiwan investors continue to invest in the mainland, needed materials, equipment, and finished products have comprised a huge quantity of freight, but cargo cannot be shipped directly. It must be transshipped through a third region. This has caused the cost of production to rise considerably. The demand by industrial and commercial circles for direct cross-strait air and shipping links is getting stronger every day.

A research report by Tao Shumin, a university professor in Taiwan, pointed out: Had there been direct air service between Taipei [Taipei] and Xiamen, calculated on the basis of the number of people from Taiwan going to the mainland in 1991, NT\$4 billion [New Taiwan dollars] in travelling costs could have been saved. The number of Taiwan people visiting the mainland has been increasing at an annual rate of 35 percent. Last year, Taiwan compatriots made more than 1.3 million visits to the mainland. This year, influenced by the Qiandao Lake incident, the number has declined for a while, but from January to October, more than 1 million visits had been recorded. Cultural, academic, press, and sports exchanges between the two sides of the strait have been increasing. Travel to the mainland via a third region has cost travelers huge sums of money, and it is impossible to record how much time has been lost.

Taiwan's Council for Economic Planning and Development has mapped out a plan to build Taiwan into an operations center in the Asia-Pacific region. If the two sides develop economic cooperation, with the mainland serving as Taiwan's economic hinterland, Taiwan's existing economic strength will increase almost 200 percent, from \$210.5 billion to \$603.5 billion. Economic growth in the Asia-Pacific regions is the fastest in the world, and the greatest market potential lies in the Chinese mainland. Japan, the United States, and some countries in Europe long ago considered using Taiwan as a springboard for entering the Chinese mainland market, but they regard Taiwan authorities' restrictions on cross-strait economic and trade development as the greatest hindrance to this objective. To build Taiwan into an operations center in the Asia-Pacific region is out of the question if the Taiwan authorities fail to allow direct cross-strait air and shipping links.

According to a Taiwan press report, the program of a direct cross-strait air link drafted by Taiwan's Ministry of Transportation and Communications first takes into consideration the interests and survival of large and small airlines on the island. According to the program, two airlines will initially be allowed to operate seven flights a week, while small airlines will only operate regional flights between Taiwan and Fujian and Zhejiang Provinces. This is only a limited direct air service, and it cannot bring total economic benefits to the people that

can be achieved with a complete direct air link. According to relevant sources, even if the Ministry of Transportation and Communications allows four airlines to operate seven flights a week using 747 passenger aircraft, the annual passenger capacity of the aircraft would come to around 500,000 people, which is a long way from being able to meet people's needs.

If direct air service is to be allowed, it should be comprehensive direct service. There should be passenger aircraft leaving for 10 or 20 cities in the mainland everyday. Only this can make people feel that travelling is convenient, and foreigners will feel that Taiwan is the most convenient gate to and from the mainland. Taiwan can be built into a financial hub in the Asia-Pacific region, and its economic development will naturally move up to a new level.

The economy of both sides of the strait is in fact an entity. Now, cross-strait exchanges are expanding. If no direct air and shipping links are established and if aircraft and ships are still required to detour through a third country or region, both sides of the strait will suffer economic losses. The mainland policy adhered by the Taiwan ruling authorities on the basis of political considerations results in a waste of money and manpower. Can it be said that the policy is based on the people's interests?

Taiwan Suicide Shows Effect of 'Independence' Movement

OW3011093594 Beijing XINHUA Domestic Service in Chinese 0215 GMT 24 Nov 94

[FBIS Translated Text] Beijing, 24 Nov (XINHUA)—The recent death by suicide of Rear Admiral Li Kai, commander of Taiwan's Wuqiu Garrison District, produced wide repercussions among various circles on the island of Taiwan. Taiwan's "legislators," newspapers, and ordinary people have continually published their opinions and comments noting that the incident shows that "Taiwan independence" statements have created ideological confusion and hesitation in the military.

According to an initial investigative report announced by Taiwan's military sources, Li Kai committed suicide possibly "because of excessive mental pressure," but the real reason remains a puzzle. In discussing the cause of Li Kai's death, many "legislators" in Taiwan suspect the suicide had something to do with the current situation in which the military do not know what they are fighting for. "Legislator" Zhao Shaokang [Chao Shao-kang] pointed out: Under present circumstances—when the Taiwan independence movement is swollen with arrogance—various inappropriate statements have caused ideological confusion among the officers and men of the armed forces. The military lost their "central idea" long ago, and they do not know what they are fighting for.

Meanwhile, they are faced with issues such as pay hikes and others, which have seriously hurt the morale of the officers and men. "Legislator" Wang Tianjing [Wang Tien-ching] pointed out: If confused ideas on the issue of "one China" and "two Chinas" continue—which have caused even the armed forces to lose their confidence—what shall we do? Fang Jinyan [Fang Chin-yen], vice "foreign minister" of Taiwan, said he "felt the same" way.

Taiwan's LIAN HE BAO [LIEN HO PAO] published an editorial entitled "A Discussion of the Military's Morale As Viewed From the Rear Admiral's Suicide." It pointed out: Li Kai's suicide reflects, like the side of an snow-covered mountain, the problem that has emerged in the mentality of officers and men of the armed forces and has attracted the public's close attention. The editorial said: In recent years, separatist statements for "independent Taiwan" and "Taiwan independence" have greatly perplexed the military. As a result, hesitation is universally present in the military, and this is most serious among high-ranking officers. Meanwhile, in the process of political struggle on the island, the "privatization of factions and friends and relatives" has emerged. As a result, the officers and men have been palpitating with fear because they have to be "careful" and "to follow the right people."

To deal with this situation, people on the island of Taiwan have, one after another, called on the authorities to oppose the "Taiwan independence" tendencies in order to safeguard social stability.

Fujian Province Approves Taiwan-Funded Enterprises

OW3011071794 Beijing XINHUA in English 0706 GMT 30 Nov 94

[FBIS Transcribed Text] Fuzhou, November 30 (XINHUA)—In the January-October period of this year, 522 Taiwan-funded enterprises were approved by the east China's Fujian Province.

So far, more than 3,700 firms of this kind have been set up, with a total contracted investment of nearly five billion U.S. dollars. The province has so far actually used 2.3 billion yuan.

Fujian, the nearest mainland province to Taiwan, boasts many advantages for investment.

In the past few years the provincial government has spared no efforts to improve its investment environment, leading to a boom in investment from Taiwan.

To help smooth the inflow of foreign investment, especially from Taiwan, the local government has adopted a series of new measures to protect Taiwan investors' interests, which will go into effect December 1 this year.

President Refutes Charges of 'Support' for Independence

OW2911162994 Taipei Voice of Free China in English 0200 GMT 26 Nov 94

[FBIS Transcribed Text] President Li Teng-hui Thursday [24 November] seized the opportunity of the 100th anniversary of the ruling Kuomintang [KMT] to defend his stance on the Chinese reunification issue. He refuted charges that he supported independence of Taiwan.

Speaking in his capacity as the KMT chairman, Li also criticized the proindependence opposition Democratic Progressive Party for trying to sabotage the stability and security here by turning Taiwan into an independent state.

Addressing a rally at the Sun Yat-sen Memorial Hall here, Li said the KMT has contributed greatly to the development of the country in past 40 years.

Li also added the ruling party will continue to promote democratic reform and economic prosperity in Taiwan to set a model for future development of all China.

Preparations for Military Threat From China Viewed

OW3011114794 Tokyo YOMIURI SHIMBUN in Japanese 24 Nov 94 Morning Edition p 5

[By correspondent Ryoichi Hamamoto]

[FBIS Translated Text] Taipei, 23 November—Taiwan's air defense deployment plan was recently disclosed. Aircraft included in the plan are 150 F-16 fighters which Taiwan is to procure from the United States, 60 Mirage-2000's to be purchased from France, and the advanced aircraft "Ching-kuo (dubbed IDF)," which Taiwan has developed using its own technology. According to the plan, the first squadron composed of "Ching-kuo" fighters will be inaugurated in Taichung on 20 December. This will be followed by the formation of other squadrons at three air bases. The deployment plan is aimed at greatly improving Taiwan's air defense capability over the Taiwan Strait to counter a threat from Mainland China. If the plan is actually carried out, the military balance between China and Taiwan will change.

A Taiwanese source familiar with military affairs recently told YOMIURI SHIMBUN that Taiwan had produced 10 IDF's over the past seven years on an experimental basis, and that it began formal manufacturing of the aircraft at the beginning of the year. Taiwan produces two IDF's per month. So far, it has produced 22, and is going to have 120 IDF's by the end of 1998. Although Taiwan developed the IDF on its own, it had to seek cooperation from the United States in designing and developing the aircraft's engine. The United States developed an engine for the aircraft whose capacity limits the IDF's action range per flight to a 600 kilometer

radius, because the primary objective of the aircraft is air defense over Taiwan. The IDF's performance is almost the same as F-16's. Because of this, Taiwan reduced the planned production of the IDF from the initial 250 to 130 when the U.S. and French Governments decided to sell F-16 and Mirage fighters to Taiwan in 1992, respectively.

According to the same source, the delivery and deployment of F-16's will start in 1996 and be completed in 1999. The deployment of Mirage fighters will start in 1996 and be completed in 1998.

Under the plan, Mirage fighters will be deployed at Hsinchu Air Base to form three squadrons (each composed of 20 Mirage's). The Mirage is most capable of electronic warfare. Also, F-16's will be sent to air bases in Taoyuan, Chiayi, and Taitong (to form three squadrons at each base), and the IDF's to air bases in Taichung—which is the largest region in Taiwan—Tainan, and Hualian. In case of emergency, these three advanced aircraft will be called on to intercept an enemy attack. They will defend air space primarily over Taipei, the capital of Taiwan.

The United States has also decided to sell to Taiwan three batteries of Patriot missiles, which intercept incoming missiles. They will be delivered in 1996 and be deployed at three bases in Taiwan.

The deployment plan is designed to deal with a situation, in which China has not denied the possibility of armed invasion of Taiwan and has referred to it at every opportunity. It is also a countermeasure against the Chinese Army's introduction of Russian-made Sukhoi-27 fighters, whose action range (of 1,600 km in radius) goes beyond the Taiwan Strait.

Taiwan depends on outdated aircraft for air defense, such as F-5 and F-104 fighters. Thus, it is said that from the viewpoint of military balance, "Taiwan will not be able to defend itself from an armed attack from the continent," (according to the source).

The deployment plan will start, coincidentally, with Taiwan's first presidential election (in the spring of 1996). The election will mean the completion of the democratization in Taiwan. This suggests that Taiwan plans to prepare for a military threat from the continent while being mindful of the democratization process, which will proceed with efforts to seek independence.

Taiwan Hopes To Increase Cooperation With Fiji

OW2511084394 Taipei CNA in English 0742 GMT 25 Nov 94

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, Nov. 25 (CNA)—President Li Teng-hui Friday [25 November] expressed his wish for stronger cooperation with Fiji while meeting with visiting Fiji President Ratu Sir Kamisese Mara.

President Li also thanked Mara for Fiji's friendly support of the Republic of China [ROC] in many international organizations, including the United Nations.

President Mara and his wife arrived here Tuesday for a four-day visit. Mara has previously visited Taiwan several times in his capacity as Fiji prime minister.

Accompanying Mara at the meeting with Li were ROC Foreign Affairs Minister Chien Fu and Deputy Secretary-General to the President Raymond Tai.

The ROC has sent agricultural and sugar cultivation experts to Fiji in accordance with two cooperative agreements signed between the two countries.

In spite of a lack of official diplomatic links, bilateral ties have been cordial. The ROC maintains a trade office, the ROC trade mission, in Fiji, an island country in the southern Pacific.

Trade Surplus With Mainland Continues To Grow

*OW2911084594 Taipei CNA in English 0803 GMT
29 Nov 94*

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, Nov. 29 (CNA)—Trade between the two sides of the Taiwan Strait totaled U.S.\$11.684 billion in the first nine months of this year, up 15.7 percent from the same time last year, and Taiwan's surplus is expected to continue its growth, according to reports by the Board of Foreign Trade (BOFT).

The BOFT reports said customs statistics show that indirect exports to the mainland reached U.S.\$10.464 billion during the period, up 11.2 percent from last year. Imports reached U.S.\$1.22 billion, or a stunning increase of 76.8 percent from the same time last year.

BOFT officials attributed the import growth to increases in the number of semi-finished products allowed for import from Mainland China. The relaxed import regulations, made in line with the government's economic stimulus package and the normalization of indirect trade between the two sides of the Taiwan Strait, are aimed at building a more realistic picture of cross-strait investment ties.

Cross-strait trade conducted via Hong Kong also recorded a growth of 10.5 percent, or U.S.\$7.058 billion, during the nine months, with Taiwan enjoying a surplus of U.S.\$5.217 billion.

Development Bureau Studies Impact of Chemical Import Ban

*OW3011085894 Taipei CNA in English 0815 GMT
30 Nov 94*

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, Nov. 30 (CNA)—The Industrial Development Bureau is assessing the impact a proposed toxic chemicals ban would have on Taiwan industries.

A United Nations convention may ban 29 toxic chemicals and 14 other groups of chemicals early next year. The convention would affect chemicals widely used in Taiwan's agriculture, dye, pharmaceutical, semiconductor and plastic industries.

Bureau officials said that they have commissioned the Industrial Technology Research Institute to assess the possible impact of such a ban on domestic economy and industries.

The United Nations set up an organization to prohibit chemical weapons in late 1992. Since then, more than 150 nations have signed the convention on the prohibition of the development, production, stockpiling and use of chemical weapons and on their destruction.

The convention may take effect as early as Jan. 1, 1995, the bureau officials said.

They added that although Taiwan does not produce chemical weapons, it will still face a ban on import of chemicals which could be used in the production of such weapons.

The bureau is also consulting the Board of Foreign Trade and the Ministry of National Defense to study how much these chemicals are used in Taiwan and how to lobby other nations to allow Taiwan to sign the convention.

Oil Company To Expand Into Shipping, Finance

*OW3011090094 Taipei CNA in English 0740 GMT
30 Nov 94*

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, Nov. 30 (CNA)—The state-owned China Petroleum Corp. (CPC) will try to move into the shipping, cargo transport, insurance and financial fields in the future, a CPC spokesman said Wednesday [30 November].

Fang Yi-shan, CPC spokesman and vice president, said that to meet the challenges of the expected privatization of state-owned enterprises, the company will try to widen its business operations and move beyond refining and oil exploration.

"Anything that makes money is worth trying," Fang said.

According to the time schedule for the privatization of state-owned enterprises envisioned by the Ministry of Economic Affairs, CPC should complete its privatization by 2000. CPC executives have agreed that the CPC will begin to release shares starting 1997 and give priority to establishing sea shipping and trade divisions, with the divisions eventually separating from CPC to become independent companies.

In the blueprint for its privatization, CPC envisions a diversification of its operations. It will continue current refueling and exploration businesses and will also engage in petroleum products trade and grain futures traders to hedge against risk and ensure profits.

Fang said that major petroleum companies all have petroleum products and future trading divisions, but CPC, hindered by the restrictions on state-owned companies, has no special management in this respect.

He stressed that CPC will spare no effort in trying anything that is profitable. In addition to trade and futures companies, CPC will establish insurance and banking institutions to try to profit from the financial services industry.

Integrated Circuit Manufacturers To Step Up Investment

*OW3011085294 Taipei CNA in English 0811 GMT
30 Nov 94*

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, Nov. 30 (CNA)— Enjoying booming business both at home and abroad, Taiwan's leading IC (integrated circuit) makers are planning to invest some NT\$ [New Taiwan dollars] 10 billion (U.S.\$380 million) to upgrade production lines and produce more IC wafers.

Taiwan Semiconductor Manufacturing Co. (TSMC) is investing NT\$5 billion (U.S.\$190 million) in a bid to expand its monthly output of 6-inch IC wafers by 15,000 to top 100,000.

Once the factory expansion is complete, scheduled for 1996, TSMC will contribute about 40 percent of Taiwan's total IC wafer output, a company spokesman was quoted as saying.

United Microelectronics Corp. (UMC) is set to increase 6-inch IC wafer production to 42,000 wafers a month by next June with a fresh investment of NT\$3.15 billion (U.S.\$120 million).

The company plans to raise the output of 0.5- and 0.6-micrometer ICs to constitute about 80 percent of its IC production next year. Production of 0.8-micrometer ICs, which currently stand at about 20 percent of the total, will be shifted abroad, mainly to Thesys Corp. in Germany, according to company officials.

Hualon Microelectronics Inc. is also boosting production. The company will invest some NT\$2 billion (U.S.\$76.34 million) to increase production to 35,000 wafers of design rules ranging from 1.2-, 1.0- and 0.8-micrometers.

The new investment is also going to facilities for making cutting-edge 0.45-micrometer ICs, paving the way for producing 8-inch IC wafers.

Taiwan currently relies on imports for 8-inch IC wafers, a key component in personal computers.

Hong Kong

Deputies Propose Direct Elections to NPC
HK2911073894 Hong Kong EASTERN EXPRESS in English 29 Nov 94 p 1

[By Shiny Li]

[FBIS Transcribed Text] A radical proposal to directly elect Hong Kong deputies to the National People's Congress [NPC] after 1997 will be contained in a report to be forwarded to the NPC's standing committee early next year, it was revealed yesterday.

The proposal would be a viable option because of the "one country two systems policy" pursued by the Chinese government, according to one local deputy.

Lee Chark-yim said the 28 Hong Kong deputies to China's parliament believed that the first batch of Hong Kong deputies nominated after the handover should be "elected", either directly or through functional constituencies in 1998.

At present, Hong Kong deputies are chosen by the New China News Agency (Xinhua), China's official representative in the territory. In China, deputies are hand-picked by party controlled "election committees".

"The local deputies in the future will no longer be nominated by the local New China News Agency. Instead, it will be a matter to be handled by the SAR government," Lee said.

"Although the mainland will not use the one-man-one-vote method even after 1997, we can still adopt the method in the territory because Hong Kong will be under the one country, two systems administration."

Another local deputy, Choy Wai-hang, said though the local group had not reached any conclusions, the local deputies would have to be chosen in Hong Kong and not in China.

Lee expressed concern that Hong Kong might not have the resources to hold big elections for local deputies in addition to elections for the three-tiers of the SAR government. He said some deputies had strong reservations on direct elections to the NPC.

Official: PRC To Handle Refugee Issues After 1997
HK3011091694 Hong Kong MING PAO in Chinese 29 Nov 94 p A2

[("Special Dispatch" by staff reporter Tu Fu-liang (2629 4395 5328); "Chinese Side Clearly Points Out That Hong Kong Will Automatically Lose Its Status as a Port of First Asylum After 1997")]

[FBIS Translated Text] The Chinese Government has all along opposed Hong Kong taking up the burden in handling Vietnamese boat people. A Chinese official has explicitly told this reporter that the British side must

resolve the issue of the detention of boat people before 1997; besides, whether or not the British side changes its policy of making Hong Kong a port of first asylum, Hong Kong will automatically lose this status after 1997.

Nevertheless, B. J. Bresnihan, the Hong Kong Government's refugee coordinator, told this reporter last evening that the Hong Kong Government would not abrogate its policy of port of first asylum unless a solution is found to the boat people issue.

Bresnihan explained that, if the policy were to be abrogated, the Hong Kong Government's repatriation of 24,000 Vietnamese screened as non-refugees would lose its legal grounds. However, he reiterated that the Hong Kong Government hoped that the issue of the boat people's detention in Hong Kong would be settled prior to 1997.

The Chinese official also told this reporter that, because the Vietnamese boat people policy was formulated by the British side, the issue should be resolved by the British side unilaterally before 1997; the matter has nothing to do with the transfer of Hong Kong's government and does not require negotiations with the Chinese side.

Hong Kong became a port of first asylum in 1979 in accordance with the resolution of the UN Conference on Indochinese refugees held that year. This policy has been implemented in the Hong Kong immigration regulations, which stipulate that officials of the Hong Kong Immigration Office may grant stay to Vietnamese who are illegal immigrants but present a reasonable case for asylum.

According to the Chinese official, after 1997, the Chinese side would declare these regulations null and void.

The Chinese official added that, even if the British side requires Hong Kong to maintain the policy of port of first asylum after 1997, the Chinese side would flatly reject it. The Chinese side believes that, in addition to the differences in standard of living, Hong Kong has a very dense population, and it is impossible for Hong Kong to accept refugees from abroad.

As for whether the future SAR Government will exercise "a high degree of autonomy" on the issue of port of first asylum, the Chinese official believed that this would not be the case, because the matter involves foreign affairs. According to the stipulations of the Basic Law, the Central Government will be in charge of foreign affairs and international issues related to the future SAR.

He stated that, when the policy of port of first asylum is no longer in effect, the future SAR Government will control the Vietnamese boat people's entry into and departure from Hong Kong in accordance with Article 154 of the Basic Law. Measures under consideration may include treating Vietnamese visitors as illegal immigrants, and immediate apprehension and deportation may be in order.

This official opposed the practice of letting the boat people currently detained in Hong Kong assimilate into local society. He indicated that the Chinese side is against Hong Kong accepting Vietnamese boat people. Should the detention of boat people in Hong Kong fail to be thoroughly resolved before 1997, the British side should take in the people in that category and should not leave them for the SAR Government.

At the same time, he expressed worries about Vietnamese merging into Hong Kong society, believing that it would sow crisis of racial contradiction in a community with a simple structure, in which 98 percent of the population are Chinese.

This official quoted the results of a survey on the living conditions of boat people undertaken by a British organization in 1990 to refute the international community's criticism that Hong Kong was being inhumane. He pointed out that the survey acknowledged that the living conditions of approximately 300,000 Hong Kong residents are even inferior to those in some refugee camps. Therefore, we can see that the Hong Kong people are paying the cost for the boat people detained in Hong Kong.

Journal Views Tasks for Future PLA Garrison
HK2811151294 Hong Kong CHENG MING in Chinese No 204, 1 Oct 94 pp 26-27

[Article by Fan Chun (5400 0689): "Combat Tasks' for People's Liberation Army Garrisoned in Hong Kong"]

FBIS Translated Text]

Crisis Over the Handover of Sovereignty Has Become Increasingly Apparent

The 1997 countdown clock hanging in the Hong Kong and Macao Affairs Office has already been ticking for three months and every tick sounds a different meaning to different people. To CPC officials in charge of Hong Kong affairs, the tick means a stimulant—thoughts that they can soon exercise sovereign power over Hong Kong, the "Pearl of the Orient," Beijing officials are thrilled with the pleasant sensation of conquerors. The most excited of all is, of course, the Chinese People's Liberation Army [PLA].

According to Beijing's blueprint, the first chief executive and members of the first legislature for the Hong Kong Special Administrative Region [SAR] will all be Hongkongers (barring any unforeseen circumstances); all British national flags will be changed into five-star flags; and Hong Kong's 6 million people and all its land, which covers the Hong Kong Island, Kowloon, and New Territories, will be "auto-transferred" altogether into China's accounts and become an integral part of the People's Republic of China....

However, as everyone knows, many unpredictable variables will be certain to emerge during the process of this

"auto-transfer." Our forefathers said, to put it in today's language, that during a sacred era featured by an honest and upright political rule, men of virtue once living in seclusion will come out on their own initiative and dedicate themselves to the service of the country. If mainland China was enjoying a "sacred era" under the rule of the CPC today, the return of Hong Kong to its motherland after 100 years of colonial rule would naturally be something worthy of jubilation for all. However, having witnessed the past evil doings of the CPC rulers who have brought numerous calamities to the country and the people, especially the cruelty of the CPC in suppressing the 4 June pro-democracy movement, the Hong Kong people are caught in an agonizing dilemma between national consciousness and reality. On the surface, Hong Kong is still prosperous during its final stages of transition; however, if we take a closer look at the problems revealed by the disputes between China and Britain, we will have every reason to believe that the warning over the crisis of Hong Kong's sovereignty handover is by no means alarmist talk.

Under such circumstances, the garrison in Hong Kong has become a vital link of China's move to regain sovereignty. During the war years, the CPC resorted to armed force to win state power; it is surprising to see that the CPC still needs to employ arms today to escort its takeover of sovereignty in Hong Kong in 1997, which has already been written into international agreements.

Zhang Zhen: Smooth Progress Has Been Registered in the Organizational Work of the Garrison of Hong Kong

Although the day for China to regain sovereignty over Hong Kong is still more than two years away, the CPC has already set its hands on concrete issues regarding the military garrison of the island. The sustained political row between China and Britain has driven the CPC leadership to set increasingly great store by the role played by the barrel of a gun. On the front stage, a number of China-style stoves, such as the Preliminary Working Committee and the like, are now waving flags and shouting battle cries; however, they are considered nothing but puppets and the CPC leadership knows exactly that only military means can ensure their "overall control" over the situation in Hong Kong.

The legislative void following the dismantling of the three-tier legislative system, the appointment of judges for the Court of Final Appeal, the award of the contract to develop Hong Kong's ninth container terminal, and the work progress of the Sino-British Liaison Group are all at the top of the list of things important to the handover of the territory. Nevertheless, acting peremptorily as if they "do not fear even the fall of the sky" the CPC has so far refused to take any of these issues seriously. Instead, it has attached a great deal of importance to issues concerning the future garrison of Hong Kong. In total command, the CPC Central Military Commission has started to give the lower levels some idea of the preparatory work, stressing the vital role of the PLA in taking over the sovereignty of Hong Kong.

Zhang Zhen, vice chairman of the CPC Military Commission, revealed recently: Smooth progress has been registered in the organizational work of the garrison of Hong Kong and backbone cadres in charge of the garrison's organizational work have gathered in Beijing to receive training. Most of them have been selected from outstanding students and officers from military academies. He praised them as "cadres who have correct political consciousness, profound professional knowledge, fairly high military qualities, and a firm political orientation."

The "Combat Tasks" for the PLA Garrison in Hong Kong Are Brought up for the First Time

At a report meeting on both the current Sino-British relations and the recent situation in Hong Kong, which was called jointly by the Ministry of Foreign Affairs and the State Council Hong Kong and Macao Affairs Office in late August this year, Zhang Zhen delivered a speech on the basic tasks for the PLA troops to be garrisoned in Hong Kong on 1 July 1997. What merits our special attention is that at the meeting, Zhang Zhen brought up for the first time the "combat tasks" of the garrison in Hong Kong. He said: The garrison in Hong Kong will embody not only the dignity of our sovereign rights but also the PLA's faithful fulfillment of its sacred duties and combat tasks.

He then further elaborated on the 10 major duties and tasks for the garrison in Hong Kong:

1. Defend China's sacred territory of Hong Kong, including its islands and its territorial waters and air-space against foreign aggression.
2. Guard against and crush subversion and sabotage by external forces.
3. Guard against external forces making use of Hong Kong's special environment and conditions and from turning Hong Kong into a base for subverting and sabotaging the mainland's socialist four modernization drive.
4. Guard against political turmoil stirred up by hostile forces or by pro-British and pro-American ultra-right forces.
5. Guard against and put down rebellions plotted and created by external hostile forces or by pro-British and pro-American ultra-right forces in Hong Kong.

Of the 10 Major Tasks, Nine Are Directed at "Hostile Forces" in Hong Kong

6. Guard against and smash any attempts at national betrayal by external hostile forces or by pro-British and pro-American ultra-right forces in Hong Kong, such as setting up semi-independent political entities.
7. Guard against and put down political turmoil and rebellion in Hong Kong created by Taiwan hostile forces or by forces seeking Taiwan independence.

8. Assist and support the SAR public security department to maintain the social stability of the SAR.

9. Protect the SAR Government against sabotage and subversion by hostile forces during its implementation of the principle of "one country, two systems" upheld by the PRC Government toward Hong Kong and its fulfillment of the Basic Law adopted by the National People's Congress.

Lei Mingqiu: "We Have No Fear of Social Chaos!"

10. Offer assistance and support to the SAR Government to cope with extraordinary natural disasters or to tide over major difficulties.

Of the 10 tasks listed by Zhang Zhen, we notice that nine are directed at the "hostile forces" in Hong Kong. Therefore, one would be a bit too naive to believe that the stationing of the Hong Kong garrison is nothing but a mere formality or a symbol.

The "theory that Hong Kong is bound to be thrown into disorder" has become a consensus among almost all CPC officials at all levels; and the military, in particular, has already regarded it a "sacred task" to put down turbulence in Hong Kong. Only several days after Zhang Zhen made the above remarks, Lei Mingqiu, deputy political commissar of the PLA Guangzhou Military Region, inspected the military training carried out by PLA troops garrisoned in Huiyang, Shenzhen, and Zhuhai. At a forum held by the PLA Shenzhen Garrison, he made the same emphasis again: We are faced with arduous yet glorious tasks. We are competent at maintaining the security of the region and are shouldered with the task of guarding against and smashing subversion, infiltration, and sabotage by hostile forces in both Hong Kong and Macao. At present, the British colonialists have adopted a hostile and antagonistic policy toward China and it is unlikely that they will refrain from stirring up political turmoil, economic storms, or social problems in Hong Kong. Therefore, we should by no means cherish any unrealistic illusions about the British colonialists. Some ultra-right forces, which are propped up by Britain and backed by anti-China and anti-Communist forces in the United States and which oppose anything China advocates, are stepping up their efforts to stir up turbulence in the society in collusion with British colonialists, thus laying time bombs that could undermine China's take-over of Hong Kong's sovereignty and cause social unrests for the maiden SAR Government during its initial period.

To conclude his alarmist talk, Lei Mingqiu stressed that the relevant sides have already worked out sufficient countermeasures and are fully prepared for any social turmoil and disorder, or even political rebellion, which may take place in Hong Kong during both the final phase of transition and the initial period of the SAR Government. We do not wish to see any turbulence or disorder; however, we have no fear of social chaos either! China

had trials of strength with British imperialists and colonialists in the past in the political, military, and economic fields and, unfortunately, today's Britain no longer has trump cards to play.

The Possibility of an Early Takeover Has Not Been Ruled out

Lei Mingqiu reiterated: During Hong Kong's transitional period, under such circumstances marked by the establishment of semi-independent political entities; the spreading of anti-China political rebellion; and attacks on working organs of the Chinese Government in Hong Kong, such as the Hong Kong Branch of XINHUA and the Visa Office of the Chinese Ministry of Foreign Affairs, which cause injuries to officials of the Chinese Government in charge of the work in Hong Kong, we will take resolute and prompt steps to take over Hong Kong ahead of schedule; moreover, we will investigate and deal with accordingly, any organizations which mastermind conspiracies and create disturbances, apprehend murderers, and put down all anti-China political rebellions.

From the mentality of Zhang Zhen, Lei Mingqiu, and other military leaders at both the central and regional levels, one can see that, "glaring at Hong Kong like a tiger eyeing its prey," the military is always on the alert and preparing itself at all times. What is more, with a hostile discrimination against the Hong Kong people, these military leaders have designed fixed labels on the basis of their assumptions, such as "subversion," "semi-independence," "independence," and "political entities"; to them, it seems, that without the PLA to "put down rebellions," Hong Kong can never be turned over to CPC rule.

A review of past history on the Chinese mainland under the CPC rule shows clearly that targeted as imaginary enemies, thousands upon thousands of mainlanders were persecuted to death by the Communist rulers during endless political movements. Now, as a city that has yet to be "liberated," Hong Kong has already been targeted as a "base for rebellion." Facing such a situation, one cannot help but ask: "If a nest is turned upside down, will there be any unbroken eggs left?" Hong Kong will really become a city of sadness by the end of the 1990's.

Article Views Composition of PLA Garrison

HK2811151894 Hong Kong CHING PAO in Chinese
No 208, 5 Nov 94 pp 18-20

[Article by Lo So (5012 2747), 18 October: "People's Liberation Army Is Planning Specific Arrangements for Stationing Troops in Hong Kong"]

[FBIS Translated Text] The five subgroups under the Preliminary Work Committee [PWC] of the Preparatory Committee for the Hong Kong Special Administrative Region [SAR] have worked out initial recommendations on many primary issues concerning the 1997 transition. The future People's Liberation Army [PLA] garrison in

Hong Kong is one of the major issues relative to the 1997 transition. Though the PLA has a part in the PWC, the Basic Law stipulates that the central government will be responsible for the defense affairs of Hong Kong after 1997. Therefore, except for the parts which involve local social and legal matters in Hong Kong, the relevant arrangements will not be for the PWC to discuss and deliberate but will proceed alongside deliberations on other issues.

According to the timetable of the SAR Preparatory Committee and the timing of the appointment of the first SAR chief executive, the PLA troops to be stationed in Hong Kong in 1997 should be completely formed by the beginning of 1997. This requires that deliberations on the concrete proposals regarding such issues as the establishment, structure, administrative code, weaponry, and logistic supplies of the future Hong Kong Garrison should have started by now.

Preparations Should Be Made in Five Respects

The agreement reached between China and Britain on the military sites in Hong Kong has created an objective basis for the planning of implementation proposals. There are signs that the following are some of the measures that the PLA is currently executing:

1. Forming an expert team with members from the three general departments of the PLA and Guangzhou Military Region to assist the Sino-British Joint Liaison Group [JLG] in discussing the handover of defense with the British side.
2. Sending experts to Hong Kong in batches to inspect the 14 military sites to be handed over by the British side as well as the existing structures, facilities, and geographic and social environments of these sites, with a view to coming up with some recommendations on the arrangements for the posting and defense affairs, including the purposes of the military sites, equipment, and size of establishment.
3. Making recommendations on the overall structure and establishment of the future Hong Kong Garrison and the approximate number of officers and men to be stationed here.
4. Making recommendations on the administration of the future Hong Kong Garrison, including the disciplinary code, term of service in Hong Kong, pay scale and benefits, and the handling of the Army-civilian relationship.
5. Formulating measures to ensure sound logistic operation of the future Hong Kong Garrison.

Title of the Future Hong Kong Garrison

The British Army, as the occupation army in Hong Kong, has always been referred to generally as the "British Army stationed in Hong Kong." Hong Kong is

to become an SAR when it returns to China in 1997. The title of the troops stationed here should fit in with the system of the whole PLA.

The establishment of the PLA is as follows: Each military region covers a number of provinces; each province has a provincial military district; each big or medium-sized city has a garrison command, which is called jing bei qu [6226 0271 0575] or wei shu qu [5898 2050 0575] and, in some cities, shou bei qu [1343 0271 0575, defense garrison command]; and each strategic island has a fortification zone [yao sai qu 6008 1049 0575]. Since 1988, over 200 garrison headquarters have been set up by the PLA in large and medium cities around the country.

Though Hong Kong will be called an administrative region after 1997, it will actually be equivalent to a big city on the mainland, inclusive of its suburbs. The establishment of the troops stationed here should belong in the category of garrison command. However, according to regulations, a garrison command on the mainland is responsible for some of the public security tasks within the city concerned, which is different from the mission of the future Hong Kong Garrison which is restricted to external defense only. If this is taken into consideration, "Hong Kong Defense Garrison Command [xiang gang shou bei qu 7449 3263 1343 0271 0575]" is a more appropriate title for the troops to be stationed in Hong Kong.

The Structure of the Future Hong Kong Garrison

The establishment of a garrison command or a defense garrison command on the mainland is at either the army level or the division level. The "Hong Kong Defense Garrison Command" may have the establishment of an army but the structure of a division. The garrison commander will hold the rank of a general but its strength will only be equivalent to that of a light division.

What can be predicted now is that like other troops on the mainland, the Hong Kong Defense Garrison Command will have a headquarters, a political department, a logistics department, and a technical equipment department. The ground, air, and naval arms will respectively consist of an infantry regiment, a helicopter battalion [da dui 1129 7130], and a naval patrol vessel detachment. The logistics department, in charge of a motor transport battalion and a shipping battalion, is responsible for the daily supplies of the stationed troops. As required by the special circumstances in Hong Kong, an independent court martial should be convened to handle any violation of law among the servicemen. This court should be subordinate to the PLA court martial in the PLA headquarters and the procuratorial work should be the responsibility of the discipline inspection department.

Preliminary Selection of Officers To Be Posted to Hong Kong

On the eve of the "1 August" PLA founding anniversary, Zhang Zhen, vice chairman of the CPC Central Military

Commission, openly said that the PLA is currently stepping up the selection and transfer of outstanding officers and soldiers to man the Hong Kong Garrison. It is speculated that the appointment of the high-ranking officers of the Hong Kong Garrison will coincide with the appointment of the SAR chief executive in early 1997. The preliminary selection going on now is to find medium and lower ranking commanding officers, specialist and technical officers, and mainstay soldiers. There are signs that some of the officers for the Hong Kong Garrison will come from the troops directly under the three general departments and the CPC Central Military Commission, to make sure that they have a good understanding of policies and administrative experience. Some of the officers participating in the setting up of the air unit to be stationed in Hong Kong have been transferred from the Military Commission Air Force.

There is more than two and a half years to go before the troops will enter Hong Kong on 1 July 1997. The terms of service of PLA soldiers are limited, three years for the ground forces in normal circumstances. Therefore, the training and preliminary selection of soldiers now is for the dual purpose of accumulating experience and bringing up mainstay servicemen. Some outstanding soldiers can expect to join the future Hong Kong Garrison as grass-roots officers or volunteers.

Administration of the Future Hong Kong Garrison

Currently, the PLA has organized resources to work out a complete set of measures for the administration of the Hong Kong Garrison, including regulations on servicemen's off-base activities, the picketing system, regulations on families accompanying officers at post, the pay system for officers and other ranks, and the jurisdiction of the handling of servicemen's lawbreaking cases involving civilian parties.

As to the issue of families accompanying officers at post, I pointed out in an interview with a CHING PAO reporter in August 1993: "Only a very small number of high-ranking officers will be allowed to bring their families along on the future SAR posting, to minimize impact on the society." ("PLA Coming Into Hong Kong" p 104) This was confirmed by Morris, deputy secretary for security in the Hong Kong Government, at a HSIN PAO interview the other day. Morris said: "During the Sino-British Joint Liaison Group talks, the Chinese side told the British side that the families of the PLA troops to be stationed in Hong Kong in the future, unlike what is happening with the British Army at the moment, will not come to the territory." "After 1997, only a small number of high-ranking officers posted to Hong Kong will bring their families along." (HSIN PAO 1 September 1994) After 1997, probably only about 10 to 20 officers ranking at and above the level of division commander, such as commander and deputy commander, chief of staff, and department heads, may bring their families to Hong Kong.

On the mainland, the military has the priority in handling servicemen's lawbreaking cases involving civilian parties. In other words, the local authorities may detain a lawbreaking serviceman, but must hand him over to the military afterward. There are recommendations that the SAR court be given the power to try guilty garrison servicemen. These recommendations clearly reflect the worries that the garrison might cover up the lawbreaking behavior of servicemen in the locality when it is left to handle the cases on its own. However, an outstanding problem now is that the penalty for the same crime on the mainland is usually heavier than in Hong Kong and that for a crime committed by a serviceman is even heavier than if it is for a civilian. For example, the "PRC Provisional Regulations on the Punishment of Servicemen for Violation of Duty" stipulates that the penalty for robbing or victimizing innocent residents of the area where the military action takes place range from under seven years in prison, to a life sentence, and to the death penalty. But the judicial precedents of Hong Kong courts indicate that even a crime leading to the death of the victim is often punishable merely by a prison sentence lasting a few years. If the Hong Kong court is given the jurisdiction, the criminal will benefit from it in actual fact and the deterrence will be undermined.

Focusing on Studying the Army-Civilian Relations

The soldier-civilian relationship of the future PLA Hong Kong Garrison has been listed as an important item on the agenda of the preparatory work. It will involve the criteria for handling the troops' relationship with the public, the methods of communication, services offered by the garrison hospital and other military units to the public, and methods for assisting the SAR Government in rescue work and disaster relief work.

The PLA has the tradition of "supporting the government and cherishing the people" and has accumulated through the years a complete set of methods for improving the relations between the military and civilian. Nevertheless, under the conditions of "one country, two systems," especially when some citizens still feel a barrier toward the PLA, the methods used on the mainland for improving such relations may not be transplanted without modification. At the moment, the relevant departments of the military are collecting data on the relationship between the British Army stationed in Hong Kong and the Hong Kong public, including the forms and methods of various goodwill activities between the British troops and the public, to draw some inspiration.

The military-civilian relationship after the PLA moves into Hong Kong will probably be handled according to the principle of following the natural course and proceeding in an orderly and gradual way. In the initial stage, the focus is to improve the image and contacts with the public will be kept low-key. The guideline is to refrain from interfering in their lives and trying to maximize the good impression. It is speculated that the PLA will

follow the example of the British troops and set up a radio station to help the public understand the garrison better. Also like the British army, the PLA will hold such activities as an Open Day, to attract visitors from the public and break down any barriers. Once the conditions are ripe, some get-togethers and gala competitions will be introduced gradually. The garrison hospital will also be opened up in phases to serve the public.

Proclamation of the Garrison and the Entry Ceremony

According to the procedure that the PLA followed when entering each city around the country after takeover, the central government shall officially issue a proclamation before the troops enter Hong Kong. In April 1949, Mao Zedong signed into effect the "Order for Marching Into All Parts of the Country" and the "Proclamation of the PLA." The main content of those two was reiteration of the PLA's aim, tasks, and provisional constitution, for the dual purpose of constraining the Army and reassuring the public. It is speculated that when the PLA enters Hong Kong in 1997, the chairman of the Central Military Commission will also sign and promulgate a similar announcement, reiterating the responsibilities and provisional constitution of the Hong Kong Garrison in accordance with the provisions of the Basic Law.

When the PLA entered such places as Beijing, Lhasa, and Xinjiang by peaceful means in those days, entry ceremonies were held. Whether or not a similar ceremony should be held when the PLA enters Hong Kong on 1 July 1997 is also on the agenda in the preparatory stage. Such a ceremony in Hong Kong will serve the purpose of extending respects to the Hong Kong public and also displaying the fine quality of the officers and men posted here. Therefore, if it does happen, the scale would not be very big. A formation procession with a guard of honor of three armed services guarding the national flag and the SAR flag would probably be more appropriate.

Prospects for Post-'97 Cooperation With Hong Kong

HK2911141894 Beijing XINHUA Hong Kong Service in Chinese 1525 GMT 23 Nov 94

[FBIS Translated Text] Hong Kong 23 Nov (XINHUA)—Gao Shangquan, head of the Preliminary Work Committee's economic subgroup and concurrently vice president of the China Society for Restructuring Economy, said here today that the economic and trade relations between the mainland and Hong Kong already have become interdependent and inseparable. Hong Kong's return to the motherland will create more favorable conditions for the common development of the mainland and Hong Kong.

While attending the "Seminar on the Economic and Trade Relations between Hong Kong and the Hinterland after 1997," Gao Shangquan delivered a speech on the present conditions and prospects of economic and trade relations between Hong Kong and the mainland.

Gao Zhangquan said that in the 15 years since reform and opening up was implemented on the mainland, the trade volume between Hong Kong and the mainland had increased by 60-fold. The trade volume between the two sides from January to August this year was HK\$542.4 billion, up by 14 percent over the same period last year. In 1993, the entrepot trade from the mainland via Hong Kong accounted for approximately 90 percent of Hong Kong's entrepot trade, and for 24 percent of the mainland's foreign trade volume. At the same time, Hong Kong's manufacturers continued to move to the mainland one after another, and the Hong Kong investment activities of mainland enterprises and Chinese-funded enterprises became increasingly active with each passing day. Consequently, the economic and trade relations between the two sides became interdependent and inseparable.

Gao Shangquan said that the return of Hong Kong to the motherland on 1 July 1997 would create more favorable conditions for the common development of the two sides, and their economic and trade relations would be still closer. China would adopt measures to continue expanding trade between the two sides; actively develop investment in both places; further deepen economic and trade cooperation; improve and develop transportation between the two places; safeguard and support the high liberalization and internationalization of Hong Kong's economy; establish an economic and trade coordinating mechanism between the two places; and promote the comprehensive, sustained, and healthy development of the economic and cooperative trade relations between the two sides.

Gao Shangquan said that the Chinese Government had already set as an important policy target the consolidation and development of Hong Kong's status as an international financial center, and there was a series of special regulations made on that point in the Basic Law, thus providing basic policy and legal insurance for maintaining Hong Kong's status as an international financial center. At the same time, the development of Shanghai's financial business would not impede Hong Kong's status as an international financial center; on the contrary, through sound competition, it inevitably would strengthen their mutual cooperation to mutual benefit, and promote the further development of Hong Kong as an international financial center.

He said: The implementation of the "one country, two systems" policy and the maintenance of Hong Kong's prosperity and stability are the Chinese Government's state policy toward Hong Kong, which requires China to maintain Hong Kong's plural capital structure and free capitalist market environment characterized by fair competition. Such being the case, the Chinese Government all along has required Chinese-funded enterprises in Hong Kong to operate in accordance with the "rules of game" and the law in Hong Kong so as to participate in fair competition, and it has adopted effective measures to prevent mainland enterprises from arbitrarily setting

up organizations in Hong Kong. After 1997, relevant regulations will continue to be implemented, and they will be continuously completed and perfected.

Gao Shangquan said that at present, the total number of people involved in labor service in Hong Kong is approximately 25,000 each year, based entirely on the demand of the British Hong Kong Government and its plan for the import of foreign labor. The mainland has never actively exported labor to Hong Kong. After 1997, our policy and special arrangements in this area will be the same, and we will strictly implement Hong Kong's plan for the import of work force. On the issue of exporting labor service to Hong Kong, the central government will take into full consideration the employment of Hong Kong's local work force.

Gao Shangquan said that the two sides have a profound foundation for cooperation in economy and trade, which is the common need of the two sides. Reform, opening up, and the development of economic construction will be the sustained impetus to develop the economic and trade relations between the two sides. The economic growth of the Asia-Pacific region has provided a favorable climate and ample space for the development of economic and trade relations between the two sides, and Hong Kong's status as an international trade, finance, transportation, and information center will be consolidated and strengthened. The prospects for economic and trade cooperation between Hong Kong and the mainland are bright.

Official on Post-'97 Investment With Hong Kong

HK2911130094 Beijing XINHUA Hong Kong Service in Chinese 1652 GMT 23 Nov 94

[FBIS Translated Text] Hong Kong 23 Nov (XINHUA)—In his speech at the "Seminar on Economic and Trade Relations Between Hong Kong and the Mainland After 1997," which was held here today, Yu Xiaosong, member of the Preliminary Work Committee [PWC] of the Preparatory Committee for Hong Kong Special Administrative Region and vice minister of the State Economic and Trade Commission, said that after 1 July 1997, investments by Hong Kong enterprises in the mainland will continue to be regarded as foreign investments in terms of administration, whereas investment by mainland enterprises in Hong Kong will continue to be regarded as overseas investments and will be administered in accordance with existing methods.

In his briefing, Yu Xiaosong said that between 1979 and June 1994, there were 1.14 million projects with Hong Kong investment in the mainland. The negotiated investment volume was \$105.9 billion, with an actual input of \$39.1 billion; both figures ranked top in investments in the mainland from outside the border.

He said that in recent years, the structure of Hong Kong's investment in the mainland has undergone great changes, with the focus shifting from medium-sized and

small investors developing short cycle, appropriate technology, and highly efficient projects in the main, toward building large projects with the active participation of large financial groups by raising huge funds in the main. The investment region has spread from south China to the hinterland. The method of investment has taken on a plural pattern; aside from direct investment, there is a host of indirect investment methods. At present, preparations for the direct listing of state-owned mainland enterprises in Hong Kong will be another new way for Hong Kong capital to invest in the mainland.

Yu Xiaosong said that viewing China's existing policy on the utilization of foreign capital, Hong Kong investment in the mainland is regarded as foreign investment, and enjoys preferential treatment in taxation, foreign exchange, import and export, and credit. After 1 July 1997, Hong Kong enterprises' investment in the mainland will continue to be regarded as foreign investment in terms of administration, whereas Hong Kong will continue to enjoy all the existing preferential policies for foreign-funded enterprises.

Yu Xiaosong said that the mainland investments of all companies registered and founded in Hong Kong in accordance with Hong Kong law and procedures—including Hong Kong companies, and those of foreign countries, Taiwan and the mainland—will be regarded as investment by Hong Kong enterprises, while enjoying equal policy treatment.

He stated that after 1997, the central government will continue to regard investment by mainland enterprises in Hong Kong as overseas investment, which will be administered in accordance with the mainland's existing methods for overseas investment. The examination of organizational establishment and transfer of capital from all enterprises that set up companies in Hong Kong to make investment must be approved by the responsible department under the State Council.

China Condemns 'Sparse' Data on Assets, Civil Servants

HK3011073094 Hong Kong HONGKONG STANDARD in English 30 Nov 94 p 1

[By Michael Smith]

[FBIS Transcribed Text] The government has angered China by handing over a bare minimum of information on public assets and the civil service, signalling a new Sino-British row over the transfer of sensitive data. It was revealed yesterday that the government had presented China with a list of 5,000 government buildings and previously-published details of Hong Kong's 180,000 civil servants.

But Britain and China look set to clash over the issue when the Joint Liaison Group (JLG) meets in London

from 12 to 14 December. It is understood that the Chinese side is unhappy with the information, which it labelled as "crude" and which it said failed to give a proper insight into the mechanics of the civil service.

A government spokesman confirmed that a list of property assets had been compiled and passed on to China through the JLG office. Governor Chris Patten pledged to hand over information during October's policy address, as part of measures to improve co-operation with China. The government has also told China the names, salaries, entry points and birth dates of Hong Kong's 180,000 civil servants.

But China is unhappy with the information, which is considered too sparse, and is expected to demand more detailed information at next month's JLG meeting. China also hopes to lay down a schedule to discuss the handing over of government archives and civil service information.

In the past, Chinese officials have demanded details of government archives, the budgetary process and performance appraisals of senior civil servants. The government has repeatedly rejected China's demands for details of integrity checks carried out on civil servants.

It was also revealed yesterday that the JLG would meet in London from 12-14 December. During the talks, Britain will continue to press for a resolution to differences on the adaptation and localisation of Hong Kong laws. Right of abode, civil service issues and the old age pension scheme are also expected to be discussed at the three-day session.

The government has repeatedly called for talks with China over the transfer of sensitive information in the lead-up to the 1997 change of sovereignty.

Cable Manufacturer Offers Shares in Hong Kong

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GMT 28 Nov 94

[FBIS Transcribed Text] Hong Kong, November 28 (XINHUA)—China's largest manufacturer of copper telecommunications cable is offering 80 million new H shares on the Hong Kong [HK] stock market at the price of 2.8 HK dollars (35.9 U.S. cents) a share.

Chengdu Telecommunications Cable Company Ltd (CDC) will open the offer tomorrow and close it on Friday, following a 18-time oversubscription in the international placing with international professional investors. Dealings on the Hong Kong stock exchange are to start on December 13.

At a press conference held here today, Du Liangheng, general manager of the company, said that for the year ending December 31, 1994, the company forecasts a profit after tax but before extraordinary items of not less than 75 million renminbi yuan (8.81 million U.S. dollars).

For the same period, the company forecast earnings per share on a weighted average basis of 0.30 yuan (3.5 U.S. cents).

The stock market capitalization of the company's H shares will be approximately 450 million H.K. dollars (57.7 million U.S. dollars). The company will have adjusted net tangible asset backing of 80 percent.

The new shares represent 40 percent of the company's enlarged share capital. Of the net proceeds of approximately 420 million H.K. dollars (53.84 million U.S. dollars), the company plans to invest around 160 million dollars (20.51 million U.S. dollars) in a joint venture with a leading foreign manufacturer to produce optical fibers.

Another 50 million dollars (6.41 million U.S. dollars) will be invested in a separate joint venture with Siemens of Germany to produce optical fiber cables; and a further 40 million H.K. dollars (5.13 million U.S. dollars) will be spent on setting up production lines to make cable joining sleeves for copper and optical fiber cables.

The balance of 170 million H.K. dollars (21.79 million U.S. dollars) will be used to reduce long-term borrowings and as additional working capital, according to sources here.

In 1993, the CDC was ranked as China's largest manufacturer of copper telecommunications cable and the third largest manufacturer of optical fiber cable. China's telecommunications industry is growing rapidly and the company is believed to play a significant role in its expansion.

Macao

Henan Province Holds Trade Fair in Macao

OW3011115194 Beijing XINHUA in English 0839
GMT 30 Nov 94

[FBIS Transcribed Text] Macao, November 30 (XINHUA)—A five-day export commodities fair of central China's Henan Province opened here Tuesday [29 November] afternoon.

The provincial trade delegation brought to the fair some 1,000 varieties of commodities and over 30 million U.S. dollars orders for export commodities.

Henan Province, used to be an economic and cultural center in history, has witnessed great changes since the implementation of reform and opening policy on China's mainland.

During the 1978-1993 period, the province's gross domestic product (GDP) increased at an average rate of 10 percent yearly. The GDP for 1993 totalled 158 billion yuan (about 17.6 billion U.S. dollars), ranking the seventh in the country. Exports value in 1993 reached 1.37 billion U.S. dollars, more than 10 times that of 1979. In the first 10 months this year, the province exported 1.36 billion U.S. dollars worth of goods, up 29.2 percent over last year's same period.

At present, Henan has set up trade relations with over 130 countries and regions worldwide, including Hong Kong, Macao, Japan, the Republic of Korea, the United States, the European Community, Russia and southeastern countries. The province now exports over 1,000 varieties of commodities, such as cotton products, tinned food, clothes, drawworks, shoes, silk products and household electric devices.

Rich mineral resources, convenient land and air traffic have attracted increasing foreign investment into the province. So far, Henan has approved the establishments of 3,778 foreign-funded firms, involving 3.88 billion U.S. dollars in contract foreign investment and 857 million U.S. dollars of realized foreign investment.

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